

2011 Annual Report

Mossel Bay Municipality



Mossel Bay Municipality

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

This Annual Report is published in compliance with Section 121 of the Local Government: Municipal Finance Management Act, No 56 of 2003, to provide a record of the activities of the Municipality; to provide a report on performance in service delivery and against the budget; to provide information that supports the revenue and expenditure decisions made, and to promote accountability to the local community for decisions made. It includes the Annual Financial Statements as well as the report of the Auditor-General on the performance of the Municipality.

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Vision, Mission and Values

The Vision, Mission and Values of the Mossel Bay Municipality are as follows:

Vision

We strive to be a trend-setting, dynamic Municipality delivering quality services responsive to the demands and challenges of the community and our constitutional mandate, in which all stakeholders can participate in harmony and dignity.

Mission

- To render cost-effective and sustainable services to the entire community with diligence and empathy.
- To create mutual trust and understanding between the Municipality and the community.
- To have a motivated and representative municipal workforce with high ethical standards, which is empowered to render optimal services to the community.
- To apply good and transparent corporate governance in order to promote community prosperity.

Values

The community is our inspiration and our workforce is our strength in the quest for community development and service delivery. We therefore value:

- Work pride.

CHAPTER 1: INTRODUCTION AND OVERVIEW

1.1 Mayoral Overview

It is with a sense of pride and gratitude that I am presenting the 2011 Annual Report of the Mossel Bay Municipality. I can say without fear of contradiction that the Mossel Bay Municipality has again performed with distinction despite having had to overcome huge challenges.



The year has, of course, been characterised by the May 2011 general municipal elections and the subsequent inauguration of a new Council with four additional Councillors. The voters of Mossel Bay have again entrusted the government of Mossel Bay to the Democratic Alliance, therefore enabling us to continue with much of the work that commenced in the previous Council's term of office.

Council was enlarged from 23 Councillors to 27 Councillors and another executive position on Council could be created. Alderman Kallie Smit was elected as Speaker, while the executive portfolios were restructured to meet the challenges for the new financial year.

The members of the Executive Mayoral Committee, in addition to the Executive Mayor, are:

- Councillor Harry Levendal (Executive Deputy Mayor).
- Alderman Emil Scheepers (Technical Services and Tourism).
- Alderman Jim van der Merwe (Finance, Human Resources and Legal Services).
- Councillor Susan Moodie (Community Services).
- Councillor Clifford Bayman (Human Settlement).
- Councillor Venolea Fortuin (Social Development and Local Economic Development).

Politically, Mossel Bay can look back on another year of stability in Council. It was inevitable that there would be differences of opinion and some heated exchanges as well. Debates nevertheless took place with dignity and within the rules of Council. Mossel Bay has therefore generally been free of the wayward behaviour and instability that affected so many other Councils in South Africa.

[paragraph to be inserted on 2010/2011 audit report]

Central to the challenges of the 2010/2011 financial year was the debilitating drought that continued well into the year. This continued to have an impact on the Municipality's revenue from water sales and also forced us to either cancel or postpone some capital projects in favour of emergency water supply projects to reduce the Municipality's dependence on surface water.

Although Mossel Bay has in the meantime had so much rain that all its reservoirs are full and the water restrictions could be lifted, the positive aspect is that the town now has alternative water sources in place.

It therefore effectively reduced its dependence on rainwater and positioned Mossel Bay well to cope with future economic development from a water supply perspective.

Mossel Bay has suffered severe droughts in the past and it is also comforting to know that we can now rely on South Africa's biggest seawater desalination project to date, a waste water reclamation plant and equipped boreholes should further droughts be experienced.

Mossel Bay continued to maintain its reputation as a well-managed, responsible and financially sound institution. An actual revenue collection rate of 98,9 per cent was achieved for the year and in this regard I would like to express a sincere vote of thanks to our community. Mossel Bay has not escaped the effects of the economic meltdown and it is commendable that this collection rate could still be achieved.

It is, however, a cause for concern that the Capital Replacement Reserve declined to R24,8 million at the end of June 2011 from R74,2 million at the end of the 2010 financial year.

Rates and tariffs for the 2011/2012 financial year also had to be increased by more than we would have liked to but it was unavoidable in the current economic climate and increasing costs to maintain our present levels of service delivery.

There were several other highlights that I would like to mention as well:

- The 2010 Visionary Client of the Year Award of Consulting Engineers South Africa (CESA), together with the Eden District, George, Knysna and Bitou Municipalities for a visionary approach in developing new water sources to address the serious water shortage.
- The retention of Blue Flag status for the Santos and Hartenbos beaches as well as the honour of being selected as the host venue for the annual Blue Flag award ceremony on the occasion of the tenth anniversary of South Africa's admission to the international Blue Flag programme. Mossel Bay was accorded this honour even though it was only in the second year of its participation in the programme.
- The award by the Blue Flag organisation of the highest mark ever for ablution facilities at a Blue Flag beach in South Africa, namely the facilities at Santos beach, and the award of 5-star ratings for the facilities at both the Santos and Hartenbos beaches. The Blue Flag inspector concerned described the two beaches as amongst the best in the world.
- The 2011 Award by Consulting Engineers South Africa (CESA) for the seawater desalination project as the best project in the category for projects with a value between R50 million and R250 million.

- The achievement of Blue Drop status for the first time for drinking water quality and management systems in the Department of Water Affairs' annual Blue Drop certification programme. Blue Drop status was achieved for the Mossel Bay and Ruitersbos plants, which scored 95,3% and 95% respectively. All the Municipality's water treatment plants scored 90% or more in the certification programme. In their report the Department of Water Affairs described Mossel Bay as one of the Blue Drop success stories.
- The achievement of Green Drop status for waste water treatment for the Municipality's Mossel Bay and Friemersheim A plants. The Municipality achieved an average of 88,6 per cent for its eight wastewater treatment plants, which placed it in eighth position out of 283 municipalities in South Africa in respect of wastewater treatment in South Africa in 2011

The area of social development was another in which the Mossel Bay Municipality took huge strides in the 2010/2011 financial year. The Municipality took the lead in creating and managing structures as well as organising activities in the fields of youth, HIV/AIDS, gender and disability affairs while attention was also given to structures and activities for the aged. The Municipality's involvement in food garden projects for the Sonskynvallei and KwaNonqaba (2) communities and the support of soup kitchens throughout the municipal area were other highlights.

The Municipality commemorated national and international events such as Youth Day, Women's Day, International Aids Day, International Elderly Abuse Awareness Day, Human Rights Day and Mandela Day appropriately.

In the case of Mandela Day the Mayoral Committee and I, as well as the management and personnel of the Municipality responded to the call to devote 67 minutes of our time to performing 67 minutes of goodwill in the community in honour of Mr Mandela. The compassion displayed by our personnel and their willingness to support deserving causes in the community were particularly heartening.

Council can also be proud of the invitation to the Speaker at the time, Alderman Nicky Lodewyks, to do a presentation at the SALGA Speakers Forum on Mossel Bay's Ward Committee system as well as public participation processes. This was done as a best-practice example and proved Mossel Bay as a frontrunner in this regard as well.

Unfortunately, the unsatisfactory situation of human settlement or housing remained with us throughout the year under review and the Municipality again took much criticism for a situation over which it has little control. The Municipality is merely the implementation agent for the National Government which has Constitutional responsibility for housing and needs to provide funding for this but this is a fact which is often lost on the community which regards the Municipality as the responsible housing authority.

Although 281 houses were delivered to recipients at the Wolwedans project at Great Brak River, the DORA allocation of R30,9 million received for 2010/2011 financial year and the R41,6 million for the 2011/2012 financial year is totally inadequate to deal with the housing need database of 12 840 families. Mossel Bay alone requires in the region of a billion rand to provide housing for just the families on the database at present.

The issue of the relocation of the people of Powertown also remains unresolved. However, there has been encouraging developments in this regard as the Hartenbos Estate, to which the community is to be relocated, has been bought by a new developer who is sympathetic towards the plight of this community. Although there are legal issues to be resolved, this will hopefully result in the relocation of the community in the foreseeable future.

The decline of the traditional Central Business District (CBD) of Mossel Bay is another cause for concern but steps have been taken to address this in conjunction with the Mossel Bay Business Chamber, Mossel Bay Tourism, the Heritage Society and CBD property owners. An external Urban Renewal Committee as well as an internal Urban Renewal Co-ordinating Committee has been established to develop a strategy and implementation plan as a matter of urgency. The importance of this area, which houses many of Mossel Bay's major tourist attractions, to the local economy cannot be doubted and it is necessary that this matter is addressed with fervour in the 2011/2012 financial year.

The Annual Financial Statements of the Municipality are contained in Chapter 5 of this Annual Report, while Chapter 6 of the Report contains detailed reports on the Municipality's achievements and activities in the year under review.

The following are however highlighted:

- The Municipality is in a very liquid position, with current assets of almost double the current liabilities. The ratio for the year under review has, however, deteriorated compared to the 2009/10 financial year. The debtors' collection period has also improved from 64 days in 2009/10 to 60 days in the 2010/11 year.
- The operating income increased by 38,7 per cent to R723,5 million from the previous financial year's income of R521,5 million. The main contributor to this is the increase in grants and subsidies as well as public contributions in order to fund the seawater desalination plant project. The operating expenditure increased by 30,3 per cent to R583,7 million.
- Staff costs amounted to 27,5 per cent of total operating expenditure, which is below the norm of between 33 per cent and 35 per cent. In the 2009/2010 financial year it amounted to 34,4 per cent.
- The Technical Services Directorate has handled a total of 126 capital projects of which 122 projects were fully completed. Expanded Public Works Programme (EPWP) projects to the value of R1,3 million were completed, thereby contributing to Local Economic Development.

- The water losses were significantly reduced from 21% in the previous financial year to around 16% in the 2010/11 financial year due to various water saving initiatives that were implemented.
- A total of 207 temporary jobs were created as part of the Extended Public Works Programme (EPWP).
- A total of 2 033 street lights were replaced with energy efficient lights, thereby reducing the electricity consumption by almost fifty percent.
- A total of R16 million was spent on renewal projects which involved the complete replacement of 11kV switchgear, mini-substations and the reconstruction of approximately 2 km of old dilapidated overhead lines.
- A total of 749 informal and low-cost houses were electrified and as part of the Department of Energy electrification programme.
- The successful Entrepreneurs Project to clean 42 geographical areas, including beaches, on an ongoing basis, continued with great success. The project creates 267 jobs for previously unemployed individuals. An amount of R5 839 038 35 was spent on this service to the communities.
- To enhance road safety amongst children, road safety education programmes were presented to 9 schools. A total of 1 020 children were involved.
- The Municipality had 813 filled positions at 30 June 2011.
- Council supports the establishment of a municipal court in principle and in February 2011 high level negotiations were conducted with the Regional Head: Western Cape of the Department of Justice and Constitutional Development in this regard. As a result approval in principle has been obtained from the Department of Justice as well as the Chief Prosecutor Southern Cape to establish such a court. The location for the court was identified at the library in Marsh Street.
- Services were brought to the homeless people in conjunction with the Department of Health and Creating Effective Families. Services included family planning, information on substance dependency and medical services such as testing for blood pressure, cholesterol, diabetes and HIV/AIDS. These services were rendered to 90 people.
- With regard to strategic planning, three precinct plans were approved during the period under review, namely the Louis Fourie Corridor Study and the Hartenbos and Da Nova precinct plans. These precinct plans will serve as guidelines for future development in those areas. Land was identified for a variety of land uses, namely integrated housing, middle-income housing, a hospital, a cemetery, environmentally sensitive areas, residential, sports and recreation facilities, business and commerce.

- The zoning map for Mossel Bay was updated and captured in electronic format. Council approved an update of the Urban Edge, as contained in the Spatial Development Framework (SDF), during the period under review and all development applications are assessed in relation to these parameters.
- A total of 1 571 building plans to the value of R603 220 000 were approved, compared to 1 614 plans to the value of R552 470 000 in the 2009/2010 financial year.

I am once more in the position to conclude with a word of sincere thanks to the management and employees of the Municipality for a job well done and for not shying away from tackling difficult challenges and overcoming them.

The Municipality's top structure remained unchanged and I have great confidence in them continuing to lead the Municipality on a road of more successes and overcoming whatever challenges might come their way in the 2011/2012 financial year.

Thank you also to my fellow Councillors for their support during the year under review and the support that I am sure I can rely on for Council's new term of office as well.

The new term will undoubtedly bring its own challenges but as the Mossel Bay Council and management has a culture of teamwork and dedication I am confident that together we will not only maintain but improve on our Municipality's proud record of responsible management and dedication to service delivery.

Thank you

A handwritten signature in dark ink, appearing to read 'M Ferreira', with a horizontal line underneath.

MARIE FERREIRA
EXECUTIVE MAYOR

1.2 Municipal Manager's Overview

The prospects at the beginning of the 2010/2011 financial year were decidedly bleak because of the drought and it is therefore so much more pleasing to be able to report on another successful year with many noteworthy achievements for the Mossel Bay Municipality.

The year progressed from a stage where the dire water situation required most of management's attention to the situation at the end of the financial year where the town found itself with an abundance of water following good rains since mid-October 2010 and therefore again able to devote more time to other forms of service delivery and improving and streamlining management systems.



Mossel Bay was hit by a severe flood on 8 June 2011, with in excess of 250mm being measured in some places. Extensive damage to infrastructure occurred and an application has been submitted for Disaster funding to the amount of R 30 million

With regard to organisational structure and management systems, the former Civil Services and the Electrotechnical Services Directorates were amalgamated in August 2010 to form a single Technical Services Directorate. This followed the resignation of the Director of Civil Services. The Director of Electrotechnical Services was appointed to the new position.

Functions within the directorate were reorganised and the Municipality was able to find competent replacements for other senior staff who retired. The restructuring has had a positive effect on this key directorate and it is functioning well.

A legal support function was established within the Development and Planning Directorate. In order to address planning- and housing-related issues such as building contraventions, transfer of properties and other legal issues effectively. This was also in response to an internal audit query with regards to the division of functions. A Legal Adviser and a Senior Administrative Officer were transferred from the Legal Services Sub-Directorate to Development and Planning for this purpose. The desired results are being achieved in this regard.

A new microstructure for all directorates was approved in December 2010.

The Municipality's Performance Management System was refined further and expanded to include all employees by 30 June 2011. Performance agreements for the Municipal Manager and all Section 57 appointees were finalised and signed timeously for the year under review.

An electronic Service Delivery and Budget Implementation Plan (SDBIP) was put in place and approved by the Executive Mayor as required. This is proving to be an invaluable tool for managing and monitoring services on an ongoing as well as structured basis. A top-level performance scorecard was also compiled for the 2010/2011 financial year.

The long awaited TASK job grading system was implemented with effect from 1 July 2011. It was inevitable that teething problems would be experienced. Not all employees accepted the grading of their positions and submitted appeals to the structure created for this purpose for the Eden District Municipality area. Some appeals were unsuccessful while some were still pending at the end of the financial year

Fifteen officials, including the Municipal Manager, four Directors and financial managers, are attending the municipal minimum competency course presented by the University of Stellenbosch in terms of the Municipal Minimum Competency Regulation issued by the National Treasury. The programme will conclude in December 2012. The purpose is to improve financial management skills and municipalities are compelled to comply with this regulation by 2013.

The Municipality has benefitted from the learnership programmes launched by the Construction SETA and 35 employees were enrolled for learnerships in plumbing (NQF4 – 15 officials), bricklaying (NQF3 – 7 officials), carpentry (NQF3 – 3 officials), water processing (NQF3 – 5 learners) and telematics for water supervisors (4 officials).

The past financial year was characterised by reasonable labour peace and the Municipality was fortunate not to have a single incident of labour unrest during the year. Unfortunately, the unions have not yet agreed to sign a Minimum Service Level Agreement with the employer which would permit certain essential services staff to participate in a strike. However, on the positive side, the absence of such agreement allows us the full complement of essential service personnel to be available for quality service delivery even during strikes. Strikes in Mossel Bay have not been earmarked by the unrest and vandalism which occurred in so many other parts of the country. This can be partly ascribed to the committed workforce that have not taken part in strikes in large numbers and those that have, have co-operated with management. Management has however also adopted a firm stance on the management of the strikes and employees who have not strictly complied with the rules have faced disciplinary action.

The Department of Justice and Chief Prosecutor for the Southern Cape have agreed in principle to the establishment of a dedicated court for municipal affairs under the management of the Municipality in Mossel Bay. This will strengthen the capability of the Municipal to enforce its by-laws and regulations considerably. The Municipality is at present finding it difficult to have transgressors prosecuted because of the overloading of the regular courts with criminal and other civil society cases.

An electronic biometric time and attendance system came on stream fully in the 2010/2011 financial year. All employees are registered on the system and it has already proved its value in the form of improved punctuality, attendance and a decrease in unauthorised absenteeism of employees.

Occupational safety received special attention and an aggressive approach to occupational health and safety training was followed. Eighty-five officials benefitted from programmes that covered safety, health and environment (SHE) representative functions, incident investigations, health and hygiene, rope rescue and hazardous materials.

The focus on the elimination of unsafe conditions and ownership of safety in the workshop and at sites has improved substantially. Monthly safety reports by the various units are compulsory and are monitored by the Safety Committee. Safety is also a standing item on the agenda for executive management meetings. Incident investigations are conducted within the specified timeframe of 7 days.

The Integrated Development Planning Process went well and meetings were held in all wards. There is room for improvement as far as attendance of the meetings are concerned but this might be easier said than done in view of the general public apathy concerning municipal affairs. Mossel Bay is not unique in this regard. However, there has been an upward trend in attendance at IDP meetings over the past year.

The Municipality also performed well with regard to the implementation of the ward committee system. This is borne out by the fact that the Speaker was invited to do a presentation at the SALGA Speakers Forum on Mossel Bay's implementation as a best - practice example.

The Municipality has an electronic system for the logging of public as well as internal service requests. Logged requests were monitored diligently to ensure that they were responded to within set response times. The logging of all service requests is compulsory. Complainants are provided with a reference number which is effective when following up on complaints.

The Collaborator system for administration has been well implemented with almost all processes (in excess of 40) now being done electronically. This includes building plans, staff leave, correspondence, etcetera. Mossel Bay Municipality is considered to be a leader in this regard with many other municipalities approaching the Municipality for assistance and guidance with the system.

The Services Monitoring Committee, which is comprised of senior representatives of all Directorates, met weekly as a further mechanism to monitor service delivery and ensure that problems are dealt with promptly. This Committee is directly accountable to the Municipal Manager who attends most of its meetings. The Season Monitoring Committee meets daily during the December/January holidays to ensure that all service delivery issued are addressed expeditiously for our visitors.

The various Directorates performed well, which is evidenced by the fact that 83,3 per cent of the top-level Key Performance Indicators were met. Of these 19,2 per cent were met extremely well (150 per cent or more); 15,4 per cent were met well (more than 100 per cent) and 48,7 per cent were met 100 per cent. Another 11,5 per cent were nearly met, leaving 5,1 per cent that were not met.

The functional reports of the Directorates appear in Chapter 6 of this report but I would like to highlight the following:

- The Municipality continues to be an example of responsible financial management. The Directorate of Financial Services exercises strict budget control as a matter of policy. It has succeeded in maintaining a debt collection rate of close to 100 per cent, with 98 per cent achieved in 2010/2011.
- Mossel Bay is one of only a few municipalities in the country which has implemented the very stringent GRAP regulations without making use of a consultant. Provincial Treasury has advised other municipalities to visit the Financial Services Directorate as Mossel Bay is considered to be a leader in this regard.

[Paragraph to be inserted on AG's report when received]

- A risk strategy and risk and fraud prevention policy was adopted by Council and a Risk and Fraud Committee has been established which now meets quarterly. A Risk Register has been compiled and a strategy is being developed for each of the top 10 risks in the Municipality.
- Achievements by the Directorate of Technical Services include receiving Blue Drop status for some of the Municipality's water purification plants and systems and Green Drop status in respect of wastewater treatment plants and systems for the first time in the Department of Water Affairs' water quality improvement certification programme.
- The Directorate has handled a total of 126 capital projects of which 122 projects were fully completed. This included the tarring of 3,3 km of gravel roads in previously disadvantaged areas, the Walvis Street extension and the rebuilding of part of Montagu Street. The slow progress on some projects were mainly attributed to delays in environmental impact assessment approvals, grant funding for some projects were not transferred in time and lengthy delivery periods were encountered on some electrical equipment.
- The Municipality achieved excellent results and received high praise in the Blue Flag programme for beaches. Santos Beach as well as Hartenbos Beach achieved five-star ratings for their ablution facilities. The management of Mossel Bay's Blue Flag beaches resorts under the Directorate of Community Services.
- In addition to its responsibility for Human Resources, Legal Services. Change and Performance Management and Administrative Support, the Directorate of Community Services conducted a comprehensive social involvement programme, which covered youth, HIV/AIDS, gender and geriatric matters. This included the co-ordination of the Municipality's commemoration of days such as Mandela Day, Youth Day, Human Rights Day and International AIDS Day. Several social projects were also launched in the year under review.
- The Planning and Development Directorate finalised an Integrated Sustainable Human Settlement Plan and Strategy, which was approved by Council in the year under consideration

- Three precinct plans were approved during the period under review, namely the Louis Fourie Corridor Study, the Hartenbos precinct plan and the Da Nova precinct plan. These precinct plans will serve as guidelines for future development in these areas.
- Land was also identified for a variety of land uses, namely for integrated housing, middle-income housing, a hospital, a cemetery, general residential development, sports and recreation facilities and business and commercial development. Environmentally sensitive land was also identified for protection.
- The cleanliness of the town remains a high priority and Mossel Bay was adjudged seventh in the Cleanest Town Competition in the Western Cape. Our position would have been better had it not been for the challenges with licencing of some of the transfer and landfill sites. This will be a lengthy and extremely expensive exercise to comply with all the requirements of the Department of Environmental Affairs but this process has already commenced. The Blue Bag system for recycling was extended to include more areas as recycling is a high priority of Council.

Now that the water situation has normalised and Mossel Bay has in fact achieved long-term water security through the completion of the 15 MI/day seawater desalination plant, the 5 MI/day wastewater reclamation plant and the drilling of boreholes that are able to supply an additional 1,8 MI/day, areas that will receive special attention in die 2011/2012 financial year include:

- The congestion on Louis Fourie Road, together with the possible transfer of this Provincial road to the Municipality.
- The decline of the Mossel Bay Central Business District and the implementation of a turnaround strategy to revitalise the area. This will be done parallel with the upgrading of the Point area.
- The continued affordability of municipal services through the containment of rates and tariff increases within reasonable limits.
- The cleanliness of all areas and the prevention of illegal dumping of waste.
- Human settlements as the demand for housing in Mossel Bay far exceeds the grant received annually from the Provincial Government for Housing.
- The ongoing improvement and maintenance of infrastructure.
- The continued reliable delivery of basic services such as electricity, water and sanitation.
- Expenditure control.

In conclusion, I would like to thank the Executive Mayor and Council for their valuable support and guidance throughout the year. I believe that the constructive relationship that existed between Council and Management has played a major role in the successes of the Municipality in the year under review.

Lastly, I would like to thank my management team as well as our personnel for their support, dedication, enthusiasm and hard work throughout the year. The commitment to service delivery at all levels was clearly evident in Mossel Bay and will remain a non-negotiable value of the Mossel Bay Municipality.

A handwritten signature in purple ink, appearing to read 'M. Gratz', with a stylized flourish extending from the end.

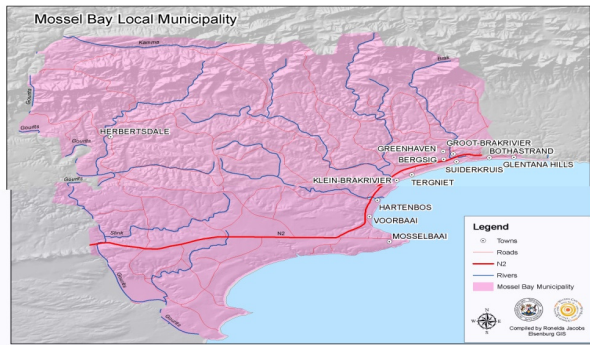
DR M GRATZ
MUNICIPAL MANAGER

1.3 Mossel Bay Profile

The following provides a broad geographical, economical and statistical profile of Mossel Bay:

- **Towns and settlements within the municipal boundaries**

Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Glentana, Great Brak River, Friemersheim, Hartenbos, Herbertsdale, Hersham, Joe Slovo Village, KwaNonqaba, Little Brak River, Mossel Bay, Outeniqua Beach, Reebok, Ruitersbos, Southern Cross, Tergniet, Vleesbaai.



- **Municipal Demarcation Code:** WC043.
- **Location of Head Office:** 101 Marsh Street, Mossel Bay.
- **Neighbouring Towns:** George (66km east); Riversdale (77km west); Albertinia (50km west); Oudtshoorn (96 km north).
- **Municipal Area:** 2007 sq km.
- **District Municipality:** Eden (George).
- **Municipal Budget:**

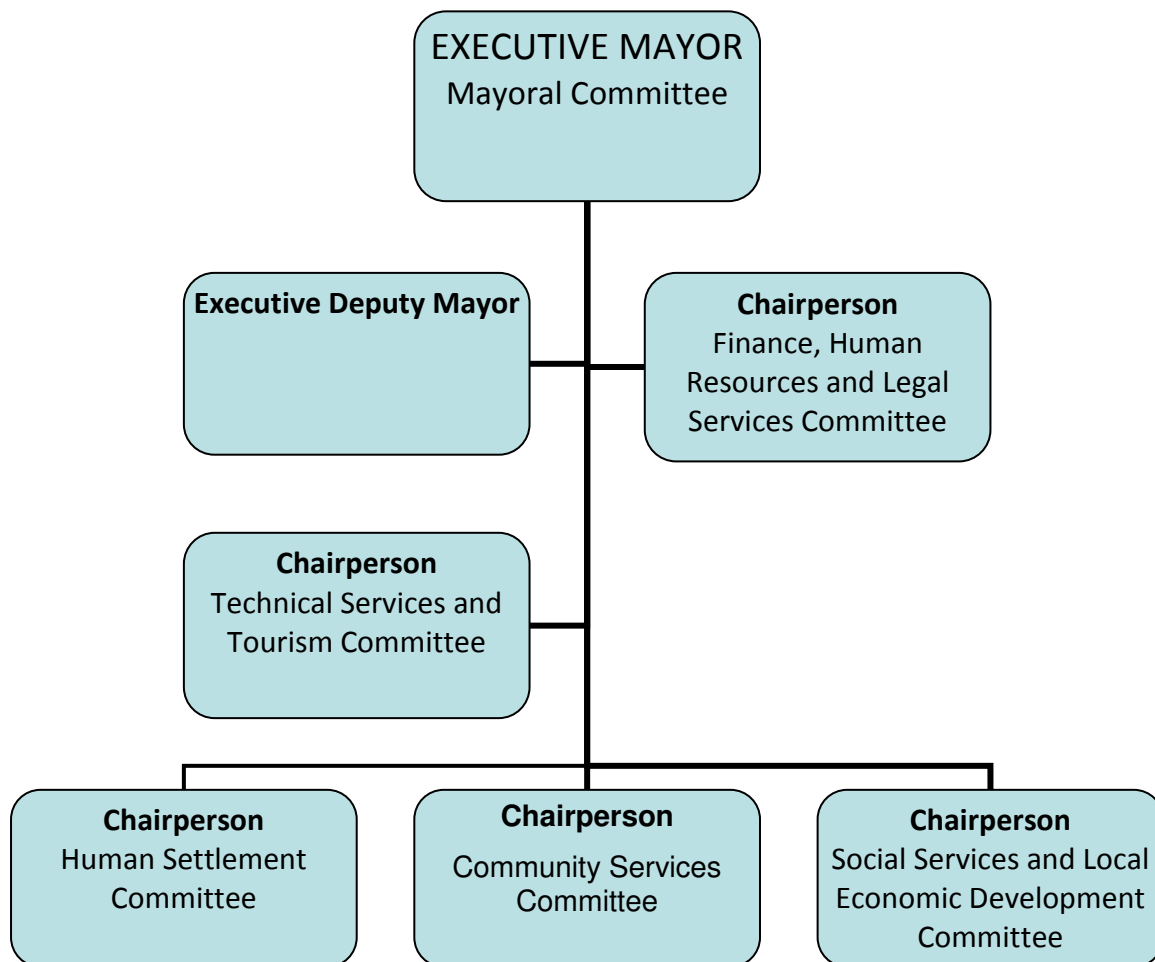
2011/2012 Operating Budget:	R647,5 million.
2011/2012 Capital Budget:	R260,5 million.
- **Population:** 117 830 (Statistics South Africa, 2007 Household Survey).
Because of the dated official statistics a reliable breakdown per population group is not available.
- **Educational Institutions:** South Cape Technical College - Mossel Bay Campus; Five Secondary Schools; 21 Primary Schools; Various private educational institutions.
- **Medical Facilities:** Bayview Private Hospital; Mossel Bay Provincial Hospital; District Municipal Health Services.
- **Police Stations:** Da Gamaskop, Great Brak River, Herbertsdale, KwaNonqaba, Mossel Bay.
- **Law Court:** Mossel Bay.
- **Port:** Mossel Bay.
- **Prison:** Mossel Bay Correctional Centre for the Youth.
- **Main Economic Activities:** Agriculture (aloes, cattle, citrus, dairy, ostriches, sheep, vegetables and wine), Fishing, Light Industry, Petrochemicals, Tourism.

CHAPTER 2: GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

2.1 Governance

The ward structure of the Municipality of Mossel Bay (WC043) changed with effect from the municipal general elections in May 2011 and is now comprised of 14 wards compared to 12 previously. The Town Council was enlarged from 23 to 27 seats. This includes 13 proportional representatives based on a formula related to the number of votes that each political party received in the elections.

The Council has an Executive Mayoral system, and the Speaker is the Chairperson of the Council. Council conducts its affairs through a portfolio committee system. The following is a graphic illustration of Council's present executive structure that was established following the Municipal Elections that were held in 2011. In view of the enlarged Council and additional person was appointed to the Mayoral Committee.



The Democratic Alliance (DA) at present has 16 seats in Council, the African National Congress (ANC) 10 and the African Christian Democratic Party (ACDP) one. Ten ordinary Council meetings and eight Special Council meetings were held during the 2010 / 2011 financial year.

The Executive Mayoral meeting as well as Standing Committee meetings were held monthly, except when Council is in recess. A total of 55 Standing Committee meetings were held in the 2010/2011 financial year.

2.2 Intergovernmental Relations

The Municipality of Mossel Bay is located in the Eden District municipal area. As such, it has four representatives, two from the DA, one from the ACDP and one from the ANC, serving on the Eden District Council.

At Provincial level, the Executive Mayor in the 2010/2011 financial year attended meetings of the Western Cape Premier's Co-ordinating Forum, the Minister's Mayoral Forum and the Minister's Mayoral Forum Technical Committee. The Mayor also participated in the Eden District Mayoral Forum and the Eden District Co-ordinating Forum.

The Municipal Manager attended a meeting of the Premier's Co-ordinating Forum, the Minister's Mayoral Forum Technical Committee meetings and the Western Cape Municipal Manager's Forum. At district level the Municipal Manager participated in the Eden District Co-ordinating Forum as well as the Eden District Municipal Managers Forum.

Specialists serve on the various specialist forums established at Provincial as well as district level.

These activities allow for close interaction with the other Municipalities in the Western Cape in general and the Eden District municipal area in particular and therefore also the maintenance of constructive relationships with these Municipalities.

The Municipality is a member of the South African Local Government Association (SALGA), and Councillors of Mossel Bay serve in each of the SALGA working groups (Economic Development, Social Development, Municipal Services, Human Resources Management, Governance and Intergovernmental Relations and Municipal Finance).

The SALGA working groups were established to develop policies, strategies and programmes to address local government issues, to facilitate co-operative governance between the spheres of Government as well as to facilitate consultation, co-ordination and participative decision-making between SALGA and its provincial and municipal members.

The Speaker is a member of the Provincial Speakers Forum and the Speaker of the previous Council attended all the meetings of this forum in the year under review. The highlight of the year, no doubt, was the fact that the Speaker was invited to do a presentation at the Forum on Mossel Bay's Ward Committee system as well as experiences gained with its Public Participation processes. This was done as a best practice example and proved that Mossel Bay is a frontrunner as far as the successful functioning of a Ward Committee and Public Participation Processes are concerned.

The Municipality is a member of the South African Local Government Association (SALGA), and Councillors of Mossel Bay serve in each of the SALGA working groups (Economic Development, Social Development, Municipal Services, Human Resources Management, Governance and Intergovernmental Relations and Municipal Finance).

2.3 Public Participation

The Municipality in the 2011/2012 financial maintained its commitment to public participation and information. It has put several structures and programmes in place for this purpose and Councillors as well as officials also served on institutional boards, such as the local Hospital and Museum Boards, and the committees of business, welfare and sports organisations.

The Municipality continued to maintain a professional website as a communication tool and made a special effort to ensure that the website is updated regularly. Legal requirements for the publication of documents such as the municipal budget, the Integrated Development Plan, annual report and the performance agreements of executive management on the website were met.

The Municipality also publishes a monthly newsletter, which is sent to approximately 47 000 municipal service account holders together with their monthly accounts. The local press is used extensively to inform the community on municipal affairs and in the past year the Municipality also had weekly promotional slots on the two local community radio stations to keep the community informed on a wide range of relevant municipal issues.

Ward Committees were established successfully in all 14 municipal wards for the new Council term following the elections in May 2011.

As will be noted above, Mossel Bay distinguished itself as a frontrunner in the Western Cape and the Speaker of the outgoing Council was invited to address the Speaker's Forum on Mossel Bay's Ward Committee and Public Participation process as a best-practice example.

The Ward Committee system has again proved to be particularly useful in the past year in the public participation process for the development of the Municipality's Integrated Development Plan (IDP) and the compilation of the annual budget. Attendance at the IDP meetings continued to show an upward trend.

As will be noted from the Overviews by the Executive Mayor as well as the Municipal Manager, the Municipality took the lead in creating and managing structures as well as organising activities in the fields of youth, HIV/AIDS, gender and disability affairs while attention was also given to structures and activities for the aged.

The Municipality supported food gardens in less privileged areas.

The Municipality also took the lead in commemorating national and international events such as Youth Day, Women's Day, International Aids Day, International Elderly Abuse Awareness Day, Human Rights Day and Mandela Day appropriately.

CHAPTER 3: PERFORMANCE OVERVIEW

3.1 Top-Level Performance Scorecard: 2010/2011

The schedule below reflects the performance of the Municipality against the top-level Key Performance Indicators (KPI's) set for each Directorate:

1. KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY										
Directorate	Key Performance Indicator (KPI)	Unit of Measurement	Wards	Area	Baseline	Annual Target	Revised Target	Overall Performance for the Year		
								Target	Actual	Result
Community Services	1.1 Effective maintenance of graveyards through the implementation of the maintenance plan	1.1 Development and implementation of maintenance plan for graveyards and cemeteries by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Community Services	1.2 Effective maintenance of halls and facilities through the implementation of the maintenance plan	1.2 Development and implementation of maintenance plan for halls and facilities	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Community Services	1.3 Effective maintenance of recreational areas through the implementation of the maintenance plan	1.3 Development and implementation of maintenance plan for recreational areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%

Community Services	1.4 Management of effective fire brigade service	1.4 Percentage of Fire Brigade service that meets agreed standards	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	2%	2%	70%	70%	46,67%	KPI not met: 0% >= Actual vs Target = < 75%
Community Services	1.5 Reviewed Disaster Management Framework/ Plan	1.5 Disaster Management Framework / Plan re-viewed by June annually	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Community Services	1.6 Effective capital spending	1.6 Percentage spent of approved waste management capital projects	3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	90%	90%	0%	80%	96%	KPI well met: 100% > Actual vs Target = < 150%
Community Services	1.7 Effective maintenance of refuse removal assets through the implementation of the maintenance plan	1.7 Development and implementation of maintenance plan for refuse removal assets	3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	50%	50%	0%	15%	59%	KPI extreme-ly well met: Actual vs Target = > 150%
Community Services	1.8 Percentage/ No of Households receiving free basic refuse removal	1.8 Percentage of Households/ No of Households	3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Community Services	1.9 Develop and implement a comprehensive law enforcement strategy	1.9 Develop and implement a comprehensive law enforcement strategy	1; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	4%	100%	100%	100%	KPI met: Actual vs Target = 100%
Community Services	1.10 Effective maintenance of sports fields through the implement-station of the	1.10 Development and implementation of maintenance plan for sport fields	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%

	maintenance plan									
Community Services	1.11 Percentage of Households with no recreational areas	1.11 Percentage of new developments to make provision for open spaces to be used as recreational areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	3%	100%	100%	100%	33,33%	KPI not met: 0% >= Actual vs Target = < 75%
Technical Services	1.12 1.2 km of new road for previously unserved areas tarred by June 2011	1.12 Kilometres tarred	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1,2 km	1	0	1,2	2	KPI extreme-ly well met: Actual vs Tar-get = > 150%
Technical Services	1.13 Effective capital spending	1.13 Percentage spent of approved municipal roads capital projects	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	98%	100%	0%	100%	95%	KPI nearly met: 75% >= Actual vs Target < 100%
Technical Services	1.14 Effective maintenance of municipal roads through the implement-station of the maintenance plan	1.14 Development and implementation of maintenance plan for municipal roads	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	95%	100%	0%	100%	95%	KPI nearly met: 75% >= Actual vs Target < 100%
Technical Services	1.15 Continuous provisioning of stormwater systems to households in formal areas	1.15 Percentage of households with stormwater system - formal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	94%	6%	100%	76,50%	63%	KPI nearly met: 75% >= Actual vs Target < 100%
Technical Services	1.16 Continuous provisioning of stormwater systems to households in informal	1.16 Percentage of households with stormwater system - Informal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11;	All	18%	82%	40%	50,5%	59%	KPI well met: 100% > Actual vs Target = < 150%

	areas		12							
Technical Services	1.17 Effective capital spending	1.17 Percentage spent of approved stormwater capital projects	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	98%	100%	0%	100%	95%	KPI nearly met: 75% >= Actual vs Target < 100%
Technical Services	1.18 Effective maintenance of municipal stormwater assets through the implementation of the maintenance plan	1.18 Development and implementation of maintenance plan for municipal stormwater assets	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	95%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Technical Services	1.19 Provisioning of sanitation services to households in formal areas on weekly basis	1.19 Number of households that meet agreed sanitation service standards (at least once a week) -Formal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	23 621	23 621	0	23 621	23 621	KPI met: Actual vs Target = 100%
Technical Services	1.20 Provisioning of sanitation services to households in informal areas on weekly basis	1.20 Number of households that meet agreed sanitation service standards (at least once a week) -informal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1 020	1 020	0	1 092,50	1 092,50	KPI met: Actual vs Target = 100%
Technical Services	1.21 Effective capital spending	1.21 Percentage spent of approved waste water management capital projects	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	94%	100%	0%	100%	95%	KPI nearly met: 75% >= Actual vs Target < 100
Technical Services	1.22 Effective maintenance of municipal sanitation	1.22 Development and implementation of maintenance plan for	1; 2; 3; 4; 5; 6; 7; 8; 9;	All	95%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%

	assets through the implementation of the maintenance plan	municipal sanitation assets	10; 11; 12							
Technical Services	1.23 Management of the quality of waste water discharge on continuous basis	1.23 Percentage water quality level of waste water discharge	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	92%	95%	65%	92,50%	85%	KPI nearly met: 75% >= actual vs Target < 100
Technical Services	1.24 Delivering sanitation services to households in formal areas at agreed sanitation service standards on monthly basis	1.24 Number of Households that meet agreed sanitation service standards (at least VIP on site) -formal areas	1; 4; 5; 7; 9; 11; 12	All	23 621	23 621	0	23 621	23 621	KPI met: Actual vs Target = 100%
Technical Services	1.25 Delivering sanitation services to households in informal areas at agreed sanitation service standards on monthly basis	1.25 Number of households that meet agreed sanitation service standards (at least VIP on site) -Informal areas	1; 4; 5; 7; 9; 11; 12	All	1 020	1 020	0	1 092,50	1 092,50	KPI met: Actual vs Target = 100%
Technical Services	1.26 Maintenance of pump stations	1.26 Percentage of approved maintenance plan executed	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	75%	75%	0%	75%	84%	KPI well met: 100% > Actual vs Target = < 150%
Technical Services	1.27 Delivering electricity services to households in formal areas at agreed service standards on monthly basis	1.27 Percentage of households that meet agreed service standards (connected to the national grid) -formal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	3%	23 621	0	23 621	23 621	KPI met: Actual vs Target = 100%

Technical Services	1.28 Delivering electricity services to households in informal areas at agreed service standards on monthly basis	1.28 Percentage of households that meet agreed service standards (connected to the national grid) -Informal areas	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	70%	1 020	0	1 020	1 020	KPI met: Actual vs Target = 100%
Technical Services	1.29 Effective capital spending	1.29 Percentage spent of approved electricity capital projects	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	95%	95%	0%	95%	95%	KPI met: Actual vs Target = 100%
Technical Services	1.30 Effective maintenance of municipal electricity assets through the implementation of the maintenance plan	1.30 Development and implementation of maintenance plan for municipal electricity assets	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	75%	75%	0%	75%	90,25%	KPI well met: 100% > Actual vs Target = < 150%
Technical Services	1.31 Effective management of electricity to minimise electricity losses	1.31 Percentage of electricity losses calculated as kilowatts billed/ kilowatts used by Municipality	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	10%	10%	0%	10%	2,01%	KPI well met: 100% > Actual vs Target = < 150%
Technical Services	1.32. Implement council policy to provide free basic electricity to qualifying households on monthly basis	1.32 Percentage of households receiving free basic electricity	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	70%	70%	0%	70%	100%	KPI well met: 100% > Actual vs Target = < 150%
Technical Services	1.33 Implementation of Energy Efficiency Measures	1.33 Percentage of Department of Energy allocation Spent	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%

Technical Services	1.34 Improvement of street lighting/security lighting by 50 additional lights at 30 June 2011	1.34 Number of new street lights installed	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	50	50	0	50	200	KPI extremely well met: Actual vs Target = > 150%B
Technical Services	1.35 New electricity connections completed by 30 June 2011	1.35 Number of new electricity connections	1; 2; 3; 4; 5; 6; 7; 8; 9; 11; 12	All	400	400	0	400	1 767	B KPI extremely well met: Actual vs Target = > 150%
Technical Services	1.36 Delivering water services to households in informal areas at agreed service standards on monthly basis	1.36 Number of households that meet agreed service standards (cleaned piped water 200m from household) - Informal areas	2; 3; 4; 5; 9; 11; 12	All	1 020	1 020	0	1 092,50	1 092,50	KPI met: Actual vs Target = 100%G
Technical Services	1.37 Effective capital spending	1.37 Percentage spent of approved water capital projects	2; 3; 4; 5; 9; 11; 12	All;	99%	100%	0%	100%	90%	KPI nearly met: 75% >= Actual vs Target < 100
Technical Services	1.38 Effective maintenance of municipal water assets through the implementation of the maintenance plan	1.38 Development and implementation of maintenance plan for municipal water assets	2; 3; 4; 5; 9; 11; 12	All	95%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Technical Services	1.39 Effective management of water to achieve blue drop status	1.39 Percentage water quality level as per blue drop project	2; 3; 4; 5; 9; 11; 12	All	96,2%	90%	0%	96%	99,25%	KPI well met: 100% > Actual vs Target = < 150%
Technical Services	1.40 Effective management of water to minimise electricity	1.40 Percentage calculated as kilolitres billed/ kiloliters used by	2; 3; 4; 5; 9; 11; 12	All	10%	10%	15%	60%	45%	KPI well met: 100% > Actual vs Target = <

	losses	municipality								150%
Technical Services	1.41 Improve delivery of water to residents by identifying and spending external funds for improving water capacity.	1.41 Percentage of funds received from external sources for water spent	2; 3; 4; 5; 9; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Technical Services	1.42 New water connections completed by 30 June 2011	1.42 No of new water connections provided on unmetered erven within 21 days	2; 3; 4; 5; 9; 11; 12	All	287	300	0	300	500	KPI extremely well met: Actual vs Target = > 150%
Development & Planning	1.43 Implementation of Integrated Human Settlement Strategy	1.43 Updating of IHS Plan annually by means of report submitted in Committee cycle by 30 June	1; 2; 4; 9; 12	All	1	1	0	1	4	KPI nearly met: 75% >= Actual vs Target < 100
Development & Planning	1.44 All existing informal settlements to be formalised with land use plans for economic and social facilities and with the provision of permanent basic services	1.44 Percentage of annual Distribution of Revenue Act allocations spent by means of report submitted in Committee cycle by 30 June	1; 2; 4; 9; 12	All	100%	100%	0%	100%	161%	KPI extremely well met: Actual vs Target = > 150%

2. KEY PERFORMANCE AREA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION										
Directorate	Key Performance Indicator (KPI)	Unit of Measurement	Wards	Area	Baseline	Annual Target	Revised Target	Overall Performance for the Year		
								Target	Actual	Result
Municipal Manager	2.1 Functional Internal Audit unit	2.1 Approved risk-based audit plan by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	2	KPI extremely well met: Actual vs Target = > 150%
Municipal Manager	2.2 Effective communication with communities	2.2 Review and submission for approval of communication policy by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	2	KPI extremely well met: Actual vs Target = > 150%
Municipal Manager	2.2 Effective communication with communities	2.2 Review and submission for approval of communication policy by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	2	KPI extremely well met: Actual vs Target = > 150%
Municipal Manager	2. 4 IDP reviewed and updated with the strategy changes and prioritised projects by March 2011.	2.4 IDP reviewed by March annually	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Municipal Manager	2.5 Institutional performance management system in	2.5 All the directors' performance agreements signed by end July	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11;	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target =

	place	annually	12							100%
Municipal Manager	2.6 Institutional performance management system in place	2.6 Individual performance management system implemented for staff up to level 18 by 30 June	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	95%	95%	0%	95%	100%	KPI well met: 100% > Actual vs Target = < 150%
Municipal Manager	2.7 Municipality complying with at least all relevant legislation by end of financial year	2.7 No findings in the external audit report on non-compliance with laws and regulations	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	90%	100	0	0	0	KPI met: Actual vs Target = 100%
Municipal Manager	2.8 Improved good governance with full implementation of an anti-corruption policy by September	2.8 Percentage implementation of anti-corruption policy by September	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Corporate Services	2.9 Ninety per cent of all appointments in terms of the employment equity targets set	2.9 The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	90%	90%	0%	90.00%	97.50%	KPI well met: 100% > Actual vs Target = < 150%
Corporate Services	2.10 IDP to include all 4 required sectoral plans when approved by March 2011	2.11 No of required sectoral plans included	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	4	4	0	4	4	KPI met: Actual vs Target = 100%
Corporate Services	2.11 Test IDP and sectoral plans for alignment with the spatial development	2.11 Percentage alignment achieved by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11;	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target =

	plan		12							100%
Community Services	2.12 Establishment of functional Disaster Management Forum by September 2011	2.12 Disaster Management Forums established and % functional			0%	100%	0%	100%	59%	KPI not met: 0% >= Actual vs Target = < 75%
Development & Planning	2.13 Annual updating of MSDF by means of report submitted in Committee cycle by 30 June	2.13 Spatial development plan aligned with PSDF and PGDS and submitted	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	10	KPI extreme-ly well met: Actual vs Target = > 150%
Council	2.14 Approval of adjustment budget	2.14 Approval of adjustment budget before legislative deadline (Jan 2011)	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI extreme-ly well met: Actual vs Target = > 150%
Council	2.15 Approval of main budget	2.15 Approval of main budget before legislative deadline (May 2011)	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Council	2.16 Approval of SDBIP	2.16 Approval of SDBIP before legislative deadline (June 2011)	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	2	KPI extremely well met: Actual vs Target = > 150%
Council	2.17 Effective functioning of Council	2.17 Number of Council meetings	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11;	All	4	4	0	4	11	KPI extremely well met:

			12							Actual vs Target = > 150%
Council	2.18 Effective functioning of ward committees	2.18 Six ward committee meetings for each ward per annum	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	72	72	0	72	59	KPI nearly met: 75% >= Actual vs Target < 100
Council	2.19 Manage functioning of committee system effectively	2.19 Number of Section 79 committee meetings per committee per annum	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	11	11	10	10	10	KPI met: Actual vs Target = 100%
Council	2.20 Submission of Annual Performance Report to Council	2.20 Annual Report and Oversight Report of Council submitted before legislative deadline	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%

3. KEY PERFORMANCE AREA: LOCAL ECONOMIC DEVELOPMENT										
Directorate	Key Performance Indicator (KPI)	Unit of Measurement	Wards	Area	Baseline	Annual Target	Revised Target	Overall Performance for the Year		
								Target	Actual	Result
Corporate Services	3.1 Reviewed and aligned Local Economic Development strategy approved by 30 September	3.1 Local Economic Development strategy reviewed and updated by September annually	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	0	KPI not met: 0% >= Actual vs Target = < 75%
Community Services	3.2 Employment through job creation schemes	3.2 No of temporary jobs created	4; 7; 9	All	400	400	0	400	1 049	KPI extremely well

										met: Actual vs Target = > 150%
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4. KEY PERFORMANCE AREA: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT										
Directorate	Key Performance Indicator (KPI)	Unit of Measurement	Wards	Area	Baseline	Annual Target	Revised Target	Overall Performance for the Year		
								Target	Actual	Result
Financial Services	4.1 Actions to get clean audit	4.1 Percentage of root causes of issues raised by AG in AG report addressed	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Financial Services	4.2 Effective Supply Chain Management (SCM) system	4.2 Effective SCM system by not having any successful appeals against SCM for the financial year	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	Zero %	0%	0%	0%	0%	KPI met: Actual vs Target = 100%
Financial Services	4.3 Improved revenue collection	4.3 Improved revenue collection by collecting 93% of invoices raised for the year	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12;	All	95%	95%	93%	93.50%	96.60 %	KPI well met: 100% > Actual vs Target = < 150%
Financial Services	4.4 Monthly management of assets by maintainining and updating the asset register	4.4 Percentage compliance with GRAP 16, 17 & 102 (measured in terms of the AG report)	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	95%	95%	0%	95.00%	97.50 %	KPI well met: 100% > Actual vs Target = < 150%

Financial Services	4.5 Preparation of financial statements	4.5 Preparation and submission of financial statements by 31 August	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%
Financial Services	4.6 Updated indigent register for the provision of free basic services	4.6 Updated indigent register monthly	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	1	KPI met: Actual vs Target = 100%

5. KEY PERFORMANCE AREA: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT										
Directorate	Key Performance Indicator (KPI)	Unit of Measurement	Wards	Area	Baseline	Annual Target	Revised Target	Overall Performance for the Year		
								Target	Actual	R
Corporate Services	5.1 Effective and up to date Human Resources (HR) policies	5.1 Annual revision of all HR policies by June 2011	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	4	4	0	4	4	KPI met: Actual vs Target = 100%
Corporate Services	5.2 Targeted skills development	5.2 The percentage of budget spent on implementing its workplace skills plan	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%
Corporate Services	5.3 Targeted skills development by implementing 100% of the skills development plan for 2010/11 by June 2011.	5.3 Percentage implementation of skills development plan	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	100%	100%	0%	100%	100%	KPI met: Actual vs Target = 100%

Corporate Services	5.4 Effective labour relations via discussions at regular Local Labour Forum meetings	5.4 Nine Local Labour Forum meetings for the financial year	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	10	10	9	9	8	KPI nearly met: 75% >= Actual vs Target < 100
Development & Planning	Maintaining effective and up to date By-laws	Development of at least one Precinct Plan annually by means of report submitted in Committee cycle by 30 June	1; 2; 3; 4; 5; 6; 7; 8; 9; 10; 11; 12	All	1	1	0	1	14	KPI ex-tremely well met: Actual vs Target = > 150%

3.2 Key Municipal Services

The Municipality of Mossel Bay renders a range of traditional municipal services in an area covering 2007 square kilometres. The area includes rural and residential areas such as Boggomsbaai, Brandwag, Buisplaas, D'Almeida, Dana Bay, Friemersheim, Great Brak River, Joe Slovo Village, KwaNonqaba, Little Brak River, Fraaiuitsig, Glentana, Hartenbos, Herbertsdale, Hersham, Mossel Bay, Outeniqua Beach, Reebok, Fraaiuitsig, Tergniet, Ruiterbos, Southern Cross and Vleesbaai.

The current main services rendered by the Municipality are:

3.2.1 Electricity

In 2010/2011 electricity was supplied to 32 360 consumers, compared to 31 709 consumers the previous year. New connections increased from 446 in 2009/2010 to 670 in 2010/2011.

The Municipality does not generate its own electricity and the national electricity supplier, Eskom, supplies the electricity to the Municipality for resale to consumers in the municipal area.

A total of 285 600 053 units (kWh) of electricity was supplied to household, commercial, industrial and other customers of the Municipality in 2010/2011, compared to 287 022 603 units in 2009/2010.

Units purchased from Eskom decreased by 0,496 per cent from 285 600 053 units in 2009/2010 to 285 022 063 in 2010/2011.

Free basic supply increased to 8 189 210 units at a cost of R5 686 738 in 2010/2011 compared to 7 912 384 units valued at R3 802 839 in 2009/2010.

Households with no electricity were reduced from 1 648 in 2009/2010 to 900 in 2011/2012.

3.2.2 Water

The Municipality owns and maintains a water distribution network consisting of pipelines, storage dams and boreholes. The storage dams are the Ernest Robertson Dam, the Klipheuwel Dam, the Wolwedans Dam and the Hartebeeskuil Dam. Water is purified for consumption by way of a reverse osmosis process at the Municipality's water purification plants.

A 15 ML/day seawater desalination plant is due for commissioning in the third quarter of 2011/2012.

3.2.3 Sewerage

The Municipality owns and maintains a sewage disposal network as well as processing plants. The majority of households in Mossel Bay are serviced by a water-borne, flush sanitation system.

A total of 3 922 982 kilolitres of sewage were purified in 2009/2010 compared to 4 325 835 in 2008/2009.

3.2.4 Environmental Health

The Mossel Bay Municipality provides cleansing services, mainly in the form of refuse removal, as well as environmental health services in addition to those provided by the Eden District Municipality.

A refuse removal service is provided to all residential areas and there are no backlogs.

3.2.5 Fire, Rescue and Safety Services

The Municipality owns and operates a fire and rescue service which provides fire fighting, fire prevention and road and other rescue services. Its community safety service provides a range of law enforcement and community protection services.

The Fire and Rescue Service attended to a total of 10 500 incidents, special services, fire, business licensing and building plan inspections and training and educational events in the 2010/2011 financial year, compared to 7 425 in 2009/2010.

3.2.6 Roads

The Municipality is responsible for the planning, construction and maintenance of urban road networks.

The Municipality is responsible for a network of 432,5 km of paved and concrete roads and 20,8 km of gravel roads. A distance of 3,3 kilometres of gravel roads were tarred in 2010/2011.

The national and main regional roads fall under the relevant authorities, and the Eden District Municipality is responsible for rural public roads within the Municipal area.

3.2.7 Housing

The Municipality seeks to address the housing needs of low-income groups and middle-income groups who do not have access to the commercial bond market. In this regard it acts as an agent for the Department of Human Settlements.

This involves the identification of potential beneficiaries, identification and securing of suitable land for housing development, the sourcing of funding and project management.

At the end of June 2011 there was a list of 12 840 families waiting for houses, an increase from 12 543 families in the previous year.

3.2.8 Libraries

There are eleven libraries, including a mobile library, in the Mossel Bay municipal area.

They are managed on an agency basis for the Provincial Government of the Western Cape and play a major role in the education of the community.

A total of 568 251 books, periodicals, cassettes, CD's, video's and DVD's were circulated in 2010/2011 compared to 629 374 in 2009/2010.

3.2.9 Urban Development and Control

In addition to doing its own spatial development planning and exercising control over development and building activities, an information service is provided to property owners and developers.

A total of 1 571 building plans to the value of R603 220 000 were approved in the financial year to the end of June 2011. In the previous financial year 1 614 plans to the value of R515 660 000 were approved.

3.2.10 Vehicle and Driver Licensing Services

The Municipality provides vehicle registration services and also issues drivers licences in its area of jurisdiction. Some of these services are rendered on an agency basis.

Income from vehicle registrations amounted to R19 883 810,17 in 2010/2011, compared to R18 442 358,92 in 2009/2010.

Income from driver's licences issued in 2010/2011 amounted to R1 834 819, compared to R1 462 297 in the year to 30 June 2010.

3.3 Financial Performance

The following reflects the financial performance of the Municipality for the 2010/2011 financial year, with comparisons with previous years where possible:

3.3.1 Operating Results

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted Budget 2010/11	Variance
INCOME					
<i>Opening surplus/(deficit)</i>	1 369 612 005	1 387 396 516	1,3%		
<i>Operating income for the year</i>	521 483 132	723 513 024	38,7%	774 935 140	(6,6%)
<i>Fair value adjustment</i>	97 661 960	-	(100%)	-	
<i>Gain on Disposal of PPE</i>	9 897 430	74 394	(99,2%)	32 004	
<i>Appropriations for the year</i>	28 971 884	50 745 988	75,2%		
	2 027 626 412	2 161 729 921	6,6%	774 967 144	178,9%
EXPENDITURE					

<i>Operating expenditure for the year</i>	447 968 184	583 659 861	30,3%	628 730 030	(7,2%)
<i>Sundry transfers</i>	5 489 832	-325 768	(105,9%)		
<i>Fair Value adjustment</i>	186 421 240	-	(100%)	-	
<i>Loss on Disposal of PPE</i>	350 640	849 963	142,4%	108 000	
<i>Closing surplus/(deficit)</i>	1 387 396 516	1 577 545 866	13,7%	146 129 114	
	2 027 626 412	2 161 729 921	6,6%	774 967 144	170,6%

3.3.2 Rates and General Services

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted Budget 2010/11	Variance
<i>Income</i>	325 056 941	244 651 052	(24,7%)	281 776 893	(13,2%)
<i>Expenditure</i>	450 677 377	286 560 012	(36,4%)	314 642 206	(8,9%)
<i>Surplus/(deficit)</i>	(125 620 436)	(41 908 959)	(66,6%)	(32 865 313)	(27,5%)
<i>Surplus/(deficit) as % of total income</i>	(38,6%)	(17,1%)		(11,7%)	

3.3.3 Rates and General Services

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted Budget 2010/11	Variance
<i>Income</i>	190 099 315	233 575 296	22,9%	234 235 248	(0,3%)
<i>Expenditure</i>	135 841 107	164 641 498	21,2%	168 866 210	(2,5%)
<i>Surplus/(deficit)</i>	54 258 207	68 933 798	27%	65 369 038	(5,5%)
<i>Surplus/(deficit) as % of total income</i>	28,5%	29,5%		27,9%	

3.3.4 Water

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted Budget 2010/11	Variance
<i>Income</i>	103 988 836	245 286 676	135,9%	258 922 999	(5,3%)
<i>Expenditure</i>	47 870 940	132 458 351	176,7%	145 221 614	(8,8%)
<i>Surplus/(deficit)</i>	56 117 896	112 828 325	101,1%	113 701 385	(0,8%)
<i>Surplus/(deficit) as % of total income</i>	54,0%	46,0%		43,9%	

3.3.5 Performance against Budgets

Year	Revenue (R'000)				Expenditure (R'000)			
	Budget	Actual	Difference	Deviation	Budget	Actual	Difference	Deviation
09/10	579 437	521 483	-57 954	-10.0%	521 527	447 968	-73 559	-14.1%
10/11	774 935	723 513	-51 422	-6.6%	628 730	583 660	-45 070	-7.2%

The operating income increased with 38,7 per cent from R521 million to R724 million and the expenditure increased with 30,3 per cent from R448 million to R584 million. The main contributor to this is the increase in grants and subsidies as well as public contributions in order to fund the Desalination plant project.

3.3.6 Consumer Debtors per Service

Year	Rates (R'000)	Trading Services (Electricity & Water) (R'000)	Economic Services (Sewerage & Refuse) (R'000)	Housing Instalments (R'000)	Other (R'000)	TOTAL (R'000)
09/10	8 598	24 902	21 571	1 232	3 189	59 492
10/11	10 741	29 652	20 379	1 184	4 415	66 372
Difference	2 143	4 750	-1 192	-48	1 226	6 880
% Growth year on year	24.9%	19.1%	-5.5%	-3.9%	38.5%	11.6%

3.3.7 Consumers Debtors Analysis

Year	<30 days	30-60 days	60-90 days	> 90 days	TOTAL
09/10	22 849	2 726	2 250	31 668	59 492
10/11	27 799	2 349	2 152	34 071	66 372
Difference	4 950	-377	-98	2 404	6 880
% Growth year on year	21.7%	-13.8%	-4.3%	7.6%	11.6%

The Municipality has during the financial year written off bad debts to the amount of R12 414 419.

3.3.8 Staff Costs as Percentage of Total Operating Expenditure

Year	Total Employee Related Costs (R'000)	Total Operating Expenditure (R'000)	Percentage
09/10	153 958	447 968	34.4%
10/11	160 540	583 660	27.5%

The norm is between 33 and 35 per cent.

3.3.9 Reliance on Grants and Subsidies

Year	Total Grants and Subsidies Received (R'000)	Total Operating Revenue (R'000)	Percentage
09/10	94 047	521 483	18.0%
10/11	194 333	723 513	26.9%

The Municipality received additional funding to the amount of R92 million for the Seawater Desalination Plant from the Drought Relief Grant of National Government during the 2010/2011 financial year. That is reason for the increase from 18 to 27 per cent.

3.3.10 Liquidity Ratios

Year	Net Current Assets (R'000)	Net Current Liabilities (R'000)	Percentage
08/09	270 120	86 626	3,1
09/10	279 134	121 941	2,3
10/11	248 959	139 165	1,8

The Municipality is in a very liquid position, with current assets of almost double the current liabilities. The ratio has however deteriorated from the 2008/09 financial year to the current year.

3.3.11 Other Financial Ratios

RATIO DESCRIPTION	2009/10	2010/11
REVENUE MANAGEMENT		
<i>Level of reliance on Government grants</i>	18,0%	26,9%

<i>Actual income vs Budgeted income*</i>	(10,0%)	(6,6%)
EXPENDITURE MANAGEMENT		
<i>Personnel costs to total expenditure</i>	34,4%	27,5%
<i>Actual expenditure vs Budgeted expenditure*</i>	(14,1%)	(7,2%)
<i>Interest paid as a per centage of total expenditure</i>	0,2%	0,1%
<i>Repairs and maintenance / PPE (carrying amount)</i>	3,0%	2,4%
<i>Repairs and maintenance / Total expenditure</i>	6,6%	4,8%
ASSET MANAGEMENT		
<i>Acquisition of PPE – Actual vs Budgeted**</i>	(13,5%)	(10,2%)
<i>Stockholding period</i>	16 days	16 days
DEBT MANAGEMENT		
<i>Creditors payment period</i>	28 days	25 days
<i>Debtors collection period</i>	64 days	60 days
LIQUIDITY		
<i>Current ratio</i>	2,3 : 1	1,8 : 1
<i>Acid Test ratio</i>	2,2 : 1	1,7 : 1
<i>Turnover of accounts receivable</i>	5,5 : 1	5,8 : 1
<i>Cash to Interest</i>	179,7 : 1	236,1 : 1
<i>Debt to Cash</i>	1,1 : 1	1,4 : 1
<i>Cash to Income</i>	(31,4) : 1	1,2 : 1
<i>Total Liabilities / Total Assets</i>	0,1 : 1	0,1 : 1

3.4 Other Performance Indicators

3.4.1 Governance

Council fulfilled its meeting schedule and the meetings, excluding operational and sub-committee meetings, took place as follows over the past two financial years:

MEETING	2009/2010	2010/2011
Council	9	10
Special Council	10	8
Standing Committees	40	55

3.4.2 Audit Committee

An Audit Committee consisting of diverse skilled members met quarterly to evaluate municipal performance. Reports are submitted to the Municipal Manager and Council regarding their findings. An external specialist auditing firm performs the internal audit function on a contract basis.

3.4.3 Ward Committees

Ward Committees were established successfully in all fourteen wards after the May 2011 elections. These Committees will play an important role in the IDP, budgeting and general public participation processes of the Municipality.

In the preceding Council term, Ward Committees functioned successfully in 10 out of the 12 wards. Ratepayers associations functioned in the other two wards and interacted with the Municipality.

3.4.4 Performance Management

The Municipality has a Performance Management Policy Framework, developed in line with the National Performance Management Framework for Local Government, as well a Performance Management System (PMS) in place.

Implementation of the performance management system was managed as follows:

- Performance Agreements and Plans for the Section 57 Employees were developed and adopted for the 2010/2011 financial years. The performance of employees in this category was measured against these plans.
- The SDBIP software was upgraded to improve the monitoring of performance . The SDBIP for 2010/11 was compiled, approved and imported to the electronic system.
- Feedback on progress with the implementation of PMS was presented to the Audit Committee.

3.4.5 Service Delivery and Budget Implementation Plan

The Municipality must in terms of the Municipal Finance Management Act, No 56 of 2003, develop and implement a service delivery budget implementation plan (SDBIP) within 28 days after the approval of the budget.

An SDBIP has been put in place for each service delivery unit with clear implementation timeframes for each project.

The Budget Office within the Financial Services Directorate is responsible for monitoring this plan quarterly. All Directorates submit reports on the status of projects to the Budget Office.

3.4.6 Local Economic Development (LED)

Local economic development took place mainly in the form of the innovative entrepreneurs project in terms of which 40 entrepreneurs were identified and assisted in forming their own work teams to clean up allocated geographical across the municipal district as well as Extended Public Works Programmes (EPWP projects).

The entrepreneurs contributed to the generally neat appearance of beaches as well as the Central Business District and most residential areas. An amount of R5,8 million was spent in this regard and 267 jobs were created. A total of 502 temporary jobs were created through

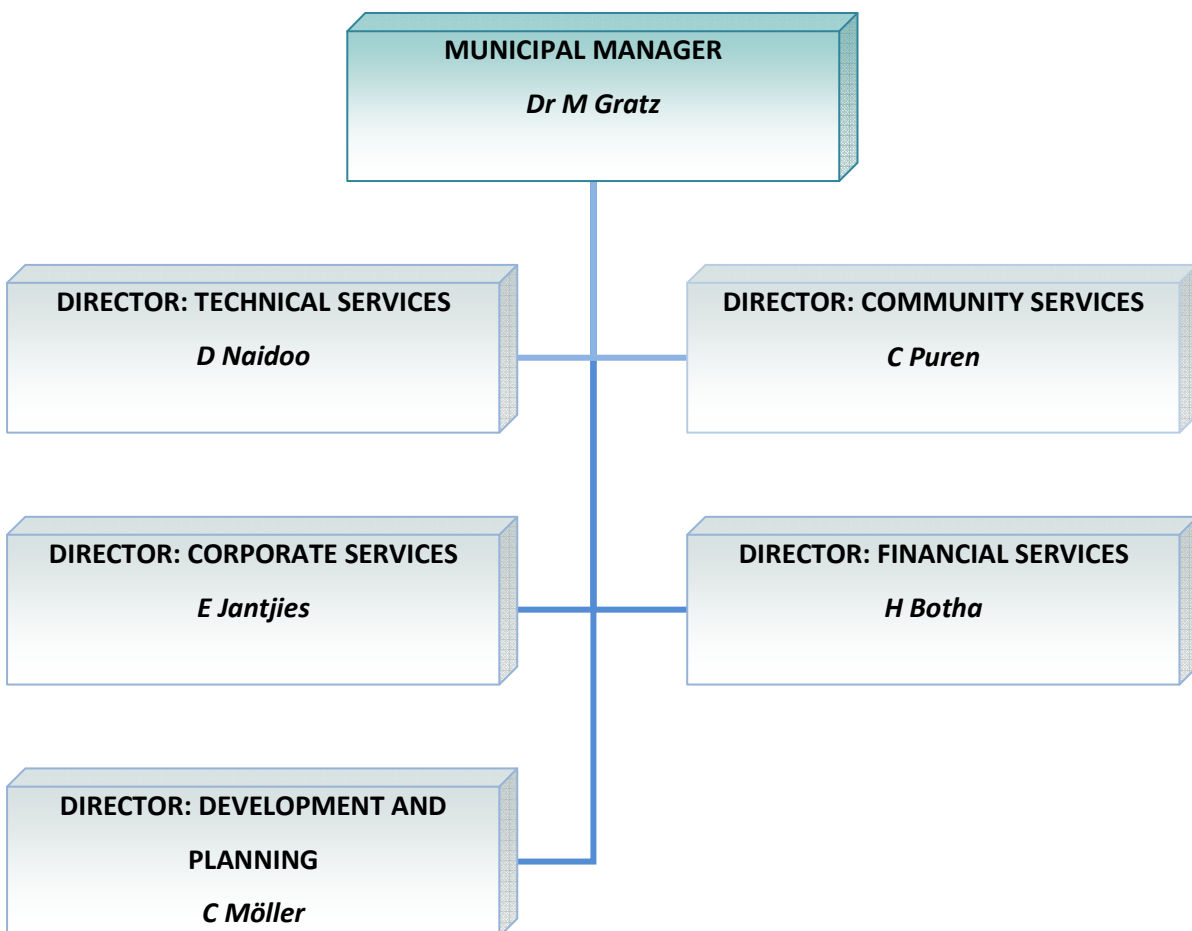
3.4.7 Youth Development

The Youth Council that functions under the auspices of the Municipality remained active although to a lesser extent in the previous year due to a lack of resources and the resignation of committee members. The main aim of the Mossel Bay Youth Development Council is to assist the Mossel Bay Municipality in identifying, coordinating and driving of youth development programs.

CHAPTER 4: INSTITUTIONAL DEVELOPMENT

4.1 Organisation Structure

The macro-structure of the Municipality was changed with effect from August 2010 through the amalgamation of the former Civil Engineering Services and Electrotechnical Services to establish a single Directorate of Technical Services. The structure is as follows:



4.2 Functions and Responsibilities

The functions of the five Directorates are as follows:

4.2.1 Directorate Technical Services

The Directorate is responsible for Streets and Stormwater, Water and Sewer, Planning and Support Services (MIG projects and support services), Mechanical Services (fleet management and telemetry services), Electrical Network Services (provision of electricity and the maintenance of electrical services) and Electrical Planning and Customer Services .

4.2.2 Directorate Community Services

The Directorate is responsible for the provision of Cleansing, Environmental Health Services not provided by the Eden District Municipality, Community Safety, Fire and Rescue Services, Welfare Development, Sport, Recreation and Facilities and Library Services.

4.2.3 Directorate Corporate Services

The Directorate is responsible for support services which include the Secretariat, Typing Services, Archives, Switchboard and Cleaning, Legal Services, Human Resources, Change Management (Integrated Development Plan, Employment Equity and Performance Management System) and Socio-Economic Development (Local Economic Development, Youth Development and Ward Committees).

4.2.4 Directorate Financial Services

The Directorate is responsible for Financial Administration (budget, credit control, cash flow management, loans, investments and valuations), Income, Expenditure, Information Technology and Supply Chain Management.

The Budget Office, which was established as required in terms of Municipal Finance Management Act, No 56 of 2003, is housed in this Directorate.

4.2.5 Directorate Development and Planning

The Directorate is responsible for planning and development (strategic planning and development control), as well as building control and municipal properties (building plan examining, building inspectorate, municipal buildings and property and outdoor advertising).

In addition to doing its own spatial development planning and exercising control over Council property, development, building activities and Outdoor Advertising, an information service is provided to property owners and developers.

❖ ***More details about the composition, employment equity, etcetera, of the Municipality's labour force and related matters appear in Chapter 6 of this Annual Report.***

CHAPTER 5: 2010/2011 FINANCIAL STATEMENTS AND RELATED FINANCIAL INFORMATION

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GENERAL INFORMATION

Mayoral Committee:

Alderlady M Ferreira (Executive Mayor)

Councillor H Levendal (Executive Deputy Mayor)

Alderman J van der Merwe (Chairperson of Finance, Human Resources and Legal Services Committee)

Alderman E Scheepers (Chairperson of Technical Services and Tourism Committee)

Councillor C Bayman (Chairperson of Housing Committee)

Councillor S Moodie (Chairperson of Community Services Committee)

Councillor V Fortuin (Chairperson of Social Services & Local Economic Development Committee)

Speaker:

Alderman KH Smit

Ward Councillors:

1 Clr N R Mzola (ANC)

3 Clr T M N Mkayo (ANC)

5 Clr J J Gerber (DA)

7 Alderman J van der Merwe (DA)

9 Clr E Meyer (DA)

11 Clr P A Du Plessis (DA)

13 Clr S Moodie (DA)

2 Clr N P Jwili (ANC)

4 Alderman K H Smit (DA)

6 Alderman E Scheepers (DA)

8 Alderman N J Lodewyks (DA)

10 Clr P Terblanche (DA)

12 Clr N P Malilwana (ANC)

14 Clr J C Bayman (DA)

Proportional Representative Councillors:

Clr N C Booisen (DA)

Clr E M Booysen (ANC)

Clr V Fortuin (DA)

Clr H Levendal (DA)

Clr D Nqayi (DA)

Clr R Skombingo (ANC)

Clr M M van Wyk (ANC)

Clr L Boom (ANC)

Alderlady M Ferreira (DA)

Clr SS Mbandezi (ANC)

Clr F N Mdumiso (ANC)

Clr J Siyoko (DA)

Clr D van Rensburg (ACDP)

Clr J H Floors (DA)

<i>Auditors:</i>	The Auditor-General Private Bag X1 CHEMPET, 7442
<i>Bankers:</i>	NEDBANK
<i>Accounting officer:</i>	Dr. M Gratz
<i>Chief Financial Officer:</i>	Mr. HF Botha
<i>Registered Office:</i>	Civic Centre 101 Marsh Street Mossel Bay 6506
<i>Postal address:</i>	PO Box 25 Mossel Bay 6500
<i>Telephone:</i>	(044) 606-5000
<i>Facsimile:</i>	(044) 606-5062
<i>E-mail:</i>	admin@mosselbay.gov.za
<i>Website:</i>	http://www.mosselbay.gov.za

CERTIFICATION BY ACCOUNTING OFFICER

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 45 to 148 in terms of Section 126(1) of the Municipal Finance Management Act, No 56 of 2003, and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 30 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Accounting Officer
DR M GRATZ



Date

REPORT OF THE AUDITOR-GENERAL

The report of the Auditor-General will to be added as soon as the 2010/11 audit process is completed.

REPORT OF THE CHIEF FINANCIAL OFFICER

1 INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2011 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP).

2 KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2010/11 financial performance of the municipality to the 2009/10 comparative figures:

RATIO DESCRIPTION	2009/10	2010/11
<u>REVENUE MANAGEMENT</u>		
<i>Level of reliance on Government grants</i>	18,0%	26,9%
<i>Actual income vs Budgeted income*</i>	(10,0%)	(6,6%)
<u>EXPENDITURE MANAGEMENT</u>		
<i>Personnel costs to total expenditure</i>	34,4%	27,5%
<i>Actual expenditure vs Budgeted expenditure*</i>	(14,1%)	(7,2%)
<i>Interest paid as a per centage of total expenditure</i>	0,2%	0,1%
<i>Repairs and maintenance / PPE (carrying amount)</i>	3,0%	2,4%
<i>Repairs and maintenance / Total expenditure</i>	6,6%	4,8%
<u>ASSET MANAGEMENT</u>		
<i>Acquisition of PPE – Actual vs Budgeted**</i>	(13,5%)	(10,2%)
<i>Stockholding period</i>	16 days	16 days
<u>DEBT MANAGEMENT</u>		
<i>Creditors payment period</i>	28 days	25 days
<i>Debtors collection period</i>	64 days	60 days
<u>LIQUIDITY</u>		
<i>Current ratio</i>	2,3 : 1	1,8 : 1

<i>Acid Test ratio</i>	2,2 : 1	1,7 : 1
<i>Turnover of accounts receivable</i>	5,5 : 1	5,8 : 1
<i>Cash to Interest</i>	179,7 : 1	236,1 : 1
<i>Debt to Cash</i>	1,1 : 1	1,4 : 1
<i>Cash to Income</i>	(31,4) : 1	1,2 : 1
<i>Total Liabilities / Total Assets</i>	0,1 : 1	0,1 : 1

* Refer to Appendix E(1) for explanations on variances.

** Refer to Appendix E(2) for explanations on variances

LIQUIDITY POSITION OF MUNICIPALITY

3.1 Liquidity

There are two main liquidity ratios that can be used to analyse the liquidity position of the Municipality, namely the Current and Acid Test ratios. There are various other liquidity ratios that can be utilised to assess the Municipality's liquidity position.

The calculation of these ratios is as follows:

RATIO DESCRIPTION	FORMULA	2009/10	2010/11
<u>Current ratio</u>	Current Assets	279 133 545	248 958 524
	Current Liabilities	121 940 636	139 165 496
		2,3	1,8
<u>Acid Test ratio</u>	Current Assets – Inventory	266 786 003	234 645 584
	Current Liabilities	121 940 636	139 165 496
		2,2	1,8
<u>Turnover of accounts receivable</u>	Revenue (credit)	340 839 465	400 459 072
	Accounts receivable	62 090 013	68 706 207
		5,5	5,8
<u>Debt to cash</u>	Total Liabilities	204 792 031	235 806 978
	Cash balance at end of period	178 743 268	164 174 599
		1,1	1,4

The above ratios show that the Municipality is in a very liquid position, with current assets of almost double the current liabilities. The ratio for the year under review has, however deteriorated compared to the 2009/10 financial year.

The Municipality generates 5,8 times more revenue than what the outstanding accounts are. The debtors' collection period has also improved from 64 days in 2009/10 to 60 days in the 2010/11 year.

OPERATING RESULTS

3.2 Summary of Results

Details of the operating results per segmental classification are included in Appendix C and D, while operational results per category, together with an explanation of significant variances of more than 10 per cent from the adjusted budget, are included in Appendix E(1).

These amounts are based on the total position of the Municipality (including non-cash transactions):

DESCRIPTION				Adjusted Budget	
	Actual 2009/10	Actual 2010/11	Variance	2010/11	Variance
INCOME					
Opening surplus/(deficit)	1 369 612 005	1 387 396 516	1,3%		
Operating income for the year	521 483 132	723 513 024	38,7%	774 935 140	(6,6%)
Fair value adjustment	97 661 960	-	(100%)	-	
Gain on Disposal of PPE	9 897 430	74 394	(99,2%)	32 004	
Appropriations for the year	28 971 884	50 745 988	75,2%		
	2 027 626 412	2 161 729 921	6,6%	774 967 144	178,9%
EXPENDITURE					
Operating expenditure for the year	447 968 184	583 659 861	30,3%	628 730 030	(7,2%)
Sundry transfers	5 489 832	-325 768	(105,9%)		
Fair Value adjustment	186 421 240	-	(100%)	-	
Loss on Disposal of PPE	350 640	849 963	142,4%	108 000	
Closing surplus/(deficit)	1 387 396 516	1 577 545 866	13,7%	146 129 114	
	2 027 626 412	2 161 729 921	6,6%	774 967 144	170,6%

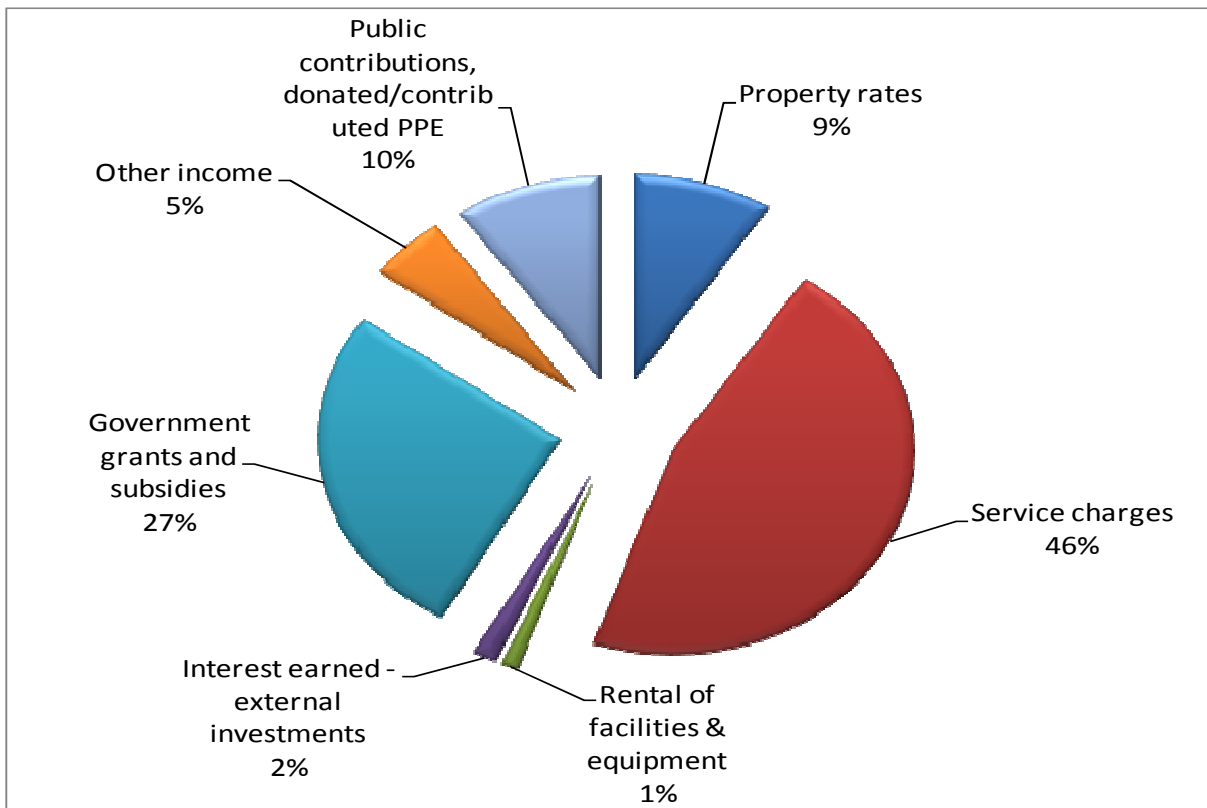
The accumulated surplus at 30 June 2011 amounted to R1 577,5 million. The accumulated surplus of R1 387,4 million at 30 June 2010 was restated with previous year corrections of R325 768, amounting to R1 387,7 million. This indicates an increase of R189,8 million or 13,7% in the accumulated surplus from the 2009/10 financial year to the 2010/11 financial year.

The operating income increased by 38,7 per cent to R723,5 million from the previous financial year's income of R521,5 million. The main contributor to this is the increase in grants and subsidies as well as public contributions in order to fund the Seawater Desalination Plant project. The operating expenditure increased by 30,3 per cent to R583,6 million.

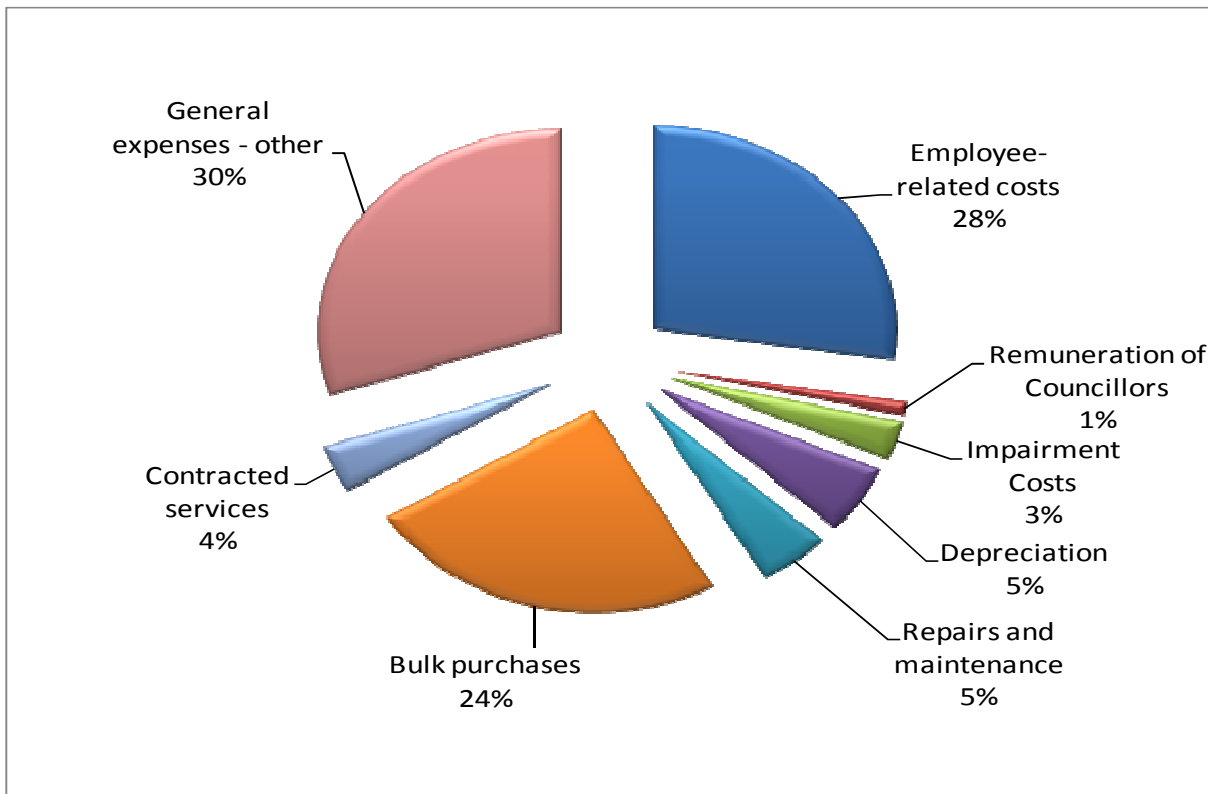
The Municipality's financial statements ended on a surplus of R139,1 million. It must, however, be taken into account that various non-cash transactions is included in this surplus. If these non-cash transactions are taken into account, the cash surplus comes to R1,3 million.

3.3 Operating Revenue and Expenditure

The following graph indicates the Municipality's major revenue sources for the year under review:



The following graph indicates the Municipality's major types of expenditure for the year under review:



3.4 Rates and General Services

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted	Variance
				Budget 2010/11	
Income	325 056 941	244 651 052	(24,7%)	281 776 893	(13,2%)
Expenditure	450 677 377	286 560 012	(36,4%)	314 642 206	(8,9%)
Surplus/(deficit)	(125 620 436)	(41 908 959)	(66,6%)	(32 865 313)	(27,5%)
Surplus/(deficit) as % of total income	(38,6%)	(17,1%)		(11,7%)	

Variance from 2009/10 Actual:

The deficit with regards to Rates and other General services amount to R41 908 959 for the 2010/11 financial year. The 2009/10 financial year's deficit was R125,6 million. However, this is not a cash deficit as fair value adjustments were made to investment property and taken into account.

Variance from 2010/11 Budget:

The total actual income is 13,2 per cent lower than the budgeted amount of R281,8 million for the 2010/11 financial year. The expenditure is 8,9 per cent less than the budgeted amount of R314,6 million.

3.5 Trading Services

The Municipality purchases electricity in bulk from Eskom and then redistributes it to the consumers. The electricity tariffs are considered together with all other tariffs during the compilation of the operational budget. Any increase in the electricity tariffs must be approved by the National Electricity Regulator before the Municipality can implement it. Eskom normally adjusts its tariffs in January of every year but the Municipality endeavours to limit its increase to only one increase during July every year. The Municipality has some of its own water sources and also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.

3.5.1 Electricity

<i>DESCRIPTION</i>	<i>Actual</i>	<i>Actual</i>	<i>Variance</i>	<i>Adjusted</i>	<i>Variance</i>
	<i>2009/10</i>	<i>2010/11</i>		<i>Budget</i> <i>2010/11</i>	
<i>Income</i>	190 099 315	233 575 296	22,9%	234 235 248	(0,3%)
<i>Expenditure</i>	135 841 107	164 641 498	21,2%	168 866 210	(2,5%)
<i>Surplus/(deficit)</i>	54 258 207	68 933 798	27%	65 369 038	(5,5%)
<i>Surplus/(deficit) as % of total income</i>	28,5%	29,5%		27,9%	

Variance from 2009/10 Actual:

The Electricity service showed a surplus for both the 2009/10 and the 2010/11 financial years, with an increase of 27 per cent between the two years. The surplus of R68,9 million for the 2010/11 financial year represents a profit of 29,5 per cent. A profit of 28,5 per cent was realised in the 2009/10 financial year.

Variance from 2010/11 Budget:

The total actual income is 0,3 per cent lower than the budgeted amount of R234 million for the 2010/11 financial year. The expenditure is 2,5 per cent less than the budgeted amount of R168,9 million.

The following table provides information on electricity distribution:

ELECTRICITY DISTRIBUTION	2009/10 Financial year	2010/11 Financial year
Units purchased (kWh)	287 022 603	285 600 053
Purchase price per kWh	34 cents	44 cents
Units sold (kWh)	257 585 450	259 925 733
Free units	7 912 380	8 189 210
Units lost during distribution (kWh)	21 524 773	17 485 110
Percentage lost during distribution	7,5 %	6,12 %
Total cost per unit	39,65 cents	51,05 cents
Net sales per unit	66 cents	71 cents
Total income	R174 182 783	R186 274 409

3.5.2 Water

DESCRIPTION	Actual 2009/10	Actual 2010/11	Variance	Adjusted Budget 2010/11	Variance
Income	103 988 836	245 286 676	135,9%	258 922 999	(5,3%)
Expenditure	47 870 940	132 458 351	176,7%	145 221 614	(8,8%)
Surplus/(deficit)	56 117 896	112 828 325	101,1%	113 701 385	(0,8%)
Surplus/(deficit) as % of total income	54,0%	46,0%		43,9%	

Variance from 2009/10 Actual:

The Water service showed a surplus for both the 2009/10 and 2010/11 financial years. The surplus of R112,8 million for the 2010/11 financial year represents a profit of 46 per cent, whereas a profit of 54 per cent was realised in the 2009/10 financial year.

Variance from 2010/11 Budget:

The total actual income is 5,3 per cent less than the budgeted amount of R258,9 million for the 2010/11 financial year, while the expenditure is 8,8 per cent less than the budgeted amount of R145,2 million.

The following provides information on water distribution:

WATER DISTRIBUTION	2009/10 Financial year	2010/11 Financial year
<i>Mega litres purified</i>	6 471	5 302
<i>Mega litres sold</i>	5 076	4 463
<i>Mega litres lost during distribution</i>	1 395	839
<i>Percentage lost during distribution</i>	21,56%	15,83%

4 CAPITAL EXPENDITURE AND FINANCING

The capital expenditure during the year as stated in the financial statements amounted to R233 929 147 and was financed as follows:

SERVICE AREA	2010/11 Actuals	% of Total Capital Expenditure
<i>Community services/facilities</i>	2 658 484	1,1%
<i>Electricity</i>	27 261 164	11,7%
<i>Housing</i>	5 414 558	2,3%
<i>Refuse</i>	1 890 010	0,8%
<i>Sanitation</i>	14 278 140	6,1%
<i>Streets and Storm water</i>	22 892 950	9,8%
<i>Water</i>	149 867 013	64,1%
<i>Other</i>	9 666 828	4,1%
TOTAL	233 929 147	100%

The capital expenditure was financed as follows:

SOURCE OF FINANCE	2010/11 Actuals	% of Total Capital Funding
<i>Capital Replacement Reserve</i>	96 852 170	41,4%
<i>Grants and Subsidies</i>	122 138 592	52,2%
<i>Public contributions</i>	9 191 653	3,9%
<i>Other</i>	5 773 731	2,5%
TOTAL	233 929 147	100%

Property, Plant and Equipment is funded to a great extent from the Capital Replacement Reserve. The increase in funding from Grants is due to the funds made available for the Seawater Desalination Plant project. The municipality received grant funding to the amount of R92 million towards this project from the Department of Water Affairs and Forestry.

5 CAPITAL REPLACEMENT RESERVE

The Capital Replacement Reserve balance at 30 June 2011 amounted to R24 798 579 (R74 208 578 as at 30 June 2010).

The Capital Replacement Reserve replaces the previous statutory funds, such as the Consolidated Capital Development and Loans Fund. It is a cash-backed reserve established to enable the Municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The Municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Changes in Net Assets for more detail.

6 EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2011 the outstanding external loans amounted to R662 125 (R730 504 in 2010). Annuity loans to the amount of R77 039 were redeemed during this financial year.

The Municipality's cashbook showed a negative balance of R844 061 and Petty Cash to the amount of R18 660 on 30 June 2011. The bank account showed a positive balance of R29 697 695 with external investments amounting to R165 million against the R187 million of the previous year.

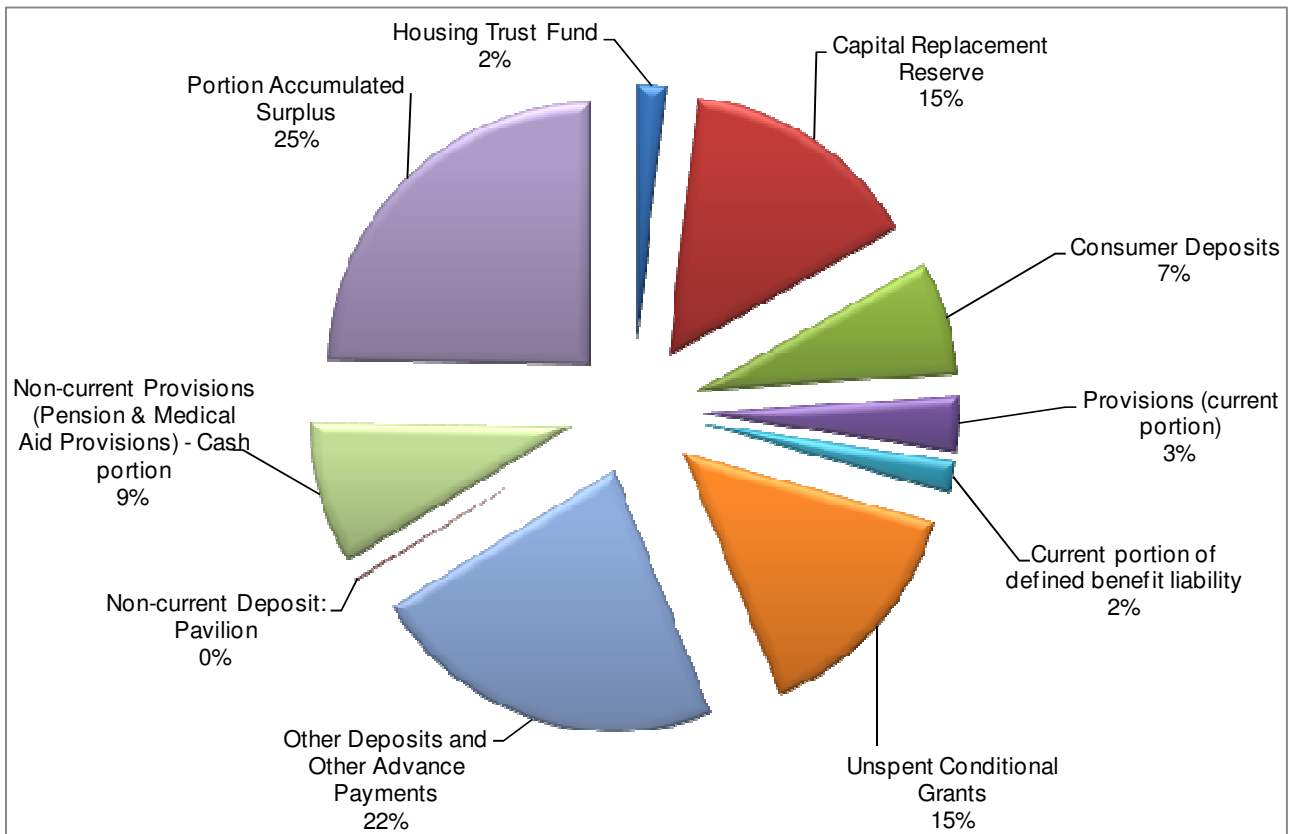
More particulars regarding external loans and investments appear in Notes 5 and 22 of the Annual Financial Statements, as well as Appendix A.

7 FUNDING OPTIONS OF INVESTMENT PORTFOLIO

The table below shows the allocation of the investment portfolio towards the funding of various obligations:

Allocation of Cash		
Investments		-
Bank Balances and Cash		165,018,660
		<u>165,018,660</u>
Less: Bank Overdraft		844,061
		<u>164,174,599</u>
Allocated to:		
Housing Trust Fund	2,880,298	
Capital Replacement Reserve	24,798,579	
Consumer Deposits	11,615,474	
Provisions (current portion):	5,577,742	
Rehabilitation of Landfill sites	716,000	
Clearing of Alien Vegetation	690,000	
Pension Fund Investment Shortfall	4,171,742	
Current portion of defined benefit liability	3,205,936	
Post Retirement benefits	2,390,065	
Long service awards	815,871	
Unspent Conditional Grants	23,987,119	
Other Deposits and Other Advance Paymer	36,730,603	
Retentions	19,369,089	
Payments Received in Advance	11,040,668	
Other Deposits	6,320,847	
Non-current Deposit: Pavilion	220,309	
Non-current Provisions (Pension & Medical Aid Provisions) - Cash portion	14,520,643	
Post Retirement benefits	9,344,060	
Long service awards	611,091	
Clearing of Alien Vegetation	3,876,660	
Rehabilitation of Landfill sites	688,832	
Portion Accumulated Surplus	40,637,897	164,174,599
		<u>-</u>

The graph below shows the percentage allocation of the investment portfolio towards the funding of various obligations:



8 NON-CURRENT PROVISIONS

These provisions are made in order to enable the Municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Non-current provisions amounted to R4 565 492 as at 30 June 2011 (R1 657 663 as at 30 June 2009) and are made up as follows:

Rehabilitation of Landfill Sites	R3 876 660
Clearing of Alien Vegetation	<u>R688 832</u>
	<u>R4 565 492</u>

Refer to Note 6 of the Annual Financial Statements for more detail.

9 EMPLOYEE BENEFITS

These liabilities are in order to enable the municipality to be in a position to fulfil its known legal obligations with regards to employee benefits when they become due and payable.

The Employee benefits liability amounted to R90 838 558 as at 30 June 2011 (R78 885 677 as at 30 June 2010) and is made up as follows:

Post Employment Health Care Benefits	R 83 314 019
Ex-Gratia Gratuities	R1 349 921
Long Service Awards	<u>R 6 174 618</u>

R 90 838 558

Refer to Note 7 of the Annual Financial Statements for more detail.

10 CURRENT LIABILITIES

Current Liabilities are those liabilities of the Municipality due and payable in the short term (less than 12 months). There is no known reason as to why the Municipality would not be able to meet its obligations. Current Liabilities amounted to R139 165 496 as at 30 June 2011 (R121 940 636 as at 30 June 2010) and are made up as follows:

Consumer deposits	Note 9	R11 615 474
Provisions	Note 10	R5 577 742
Current portion of Employee benefits	Note 7	R3 205 936
Payables from Exchange transactions	Note 11	R92 724 113
Unspent conditional grants and receipts	Note 12	R23 987 119
Cash and Cash Equivalents	Note 22	R844 061
Operating Lease Liability	Note 23	R50 991
Current portion of Finance Lease Liabilities	Note 4	R993 344
Current portion of Long-term Liabilities	Note 5	<u>R166 718</u>
		<u>R139 165 496</u>

11 CURRENT ASSETS

Current Assets amounted to R248 958 524 as at 30 June 2011 (R279 133 545 as at 30 June 2010) and is made up as follows:

Inventory	Note 18	R14 312 940
Trade receivables from Exchange	Note 19	R 39 330 985
Other receivables from Non-Exchange	Note 20	R26 824 618
Current portion of long-term receivables	Note 17	R 400 656
Taxes	Note 13	R2 966 366
Cash and Cash Equivalents	Note 22	R165 018 660
Operating Lease Assets	Note 23	<u>R104 300</u>
		<u>R248 958 524</u>

12 TRADE AND OTHER RECEIVABLES FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS

The net balance of Trade and Other receivables from Exchange transactions is indicated below:

DEBTOR	As at 30 June 2011	As at 30 June 2010	Variance
Service debtors:	37 716 426	34 882 022	8,1%
- Electricity	13 438 837	10 616 158	26,6%

- <i>Water</i>	10 414 688	9 240 010	12,7%
- <i>Refuse</i>	3 881 775	3 667 887	5,8%
- <i>Sewerage</i>	9 981 126	11 357 967	(12,1%)
Debtback collections	14 453	2 308	526,3%
Land Sales	4 022	3 539	13,6%
Housing instalments	590 756	588 942	0,3%
Housing rentals	238 549	234 450	1,7%
Other	766 780	373 021	105,6%
TOTAL	39 330 985	36 084 281	9,0%

The net balance of Other Receivables from Non-Exchange transactions is indicated below:

<i>DEBTOR</i>	<i>As at 30 June 2011</i>	<i>As at 30 June 2010</i>	<i>Variance</i>
Rates	7 870 678	6 807 719	15,6%
Accrued Income	4 018 485	4 655 571	(13,6%)
Other	14 935 455	31 706 780	(52,9%)
TOTAL	26 824 618	43 170 070	(37,9%)

The Municipality has during the financial year written off bad debts to the amount of R12 414 419.

13 PRESSION OF APPRECIATION

I am grateful to the Executive Mayor, Executive Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for the support extended during the financial year. I would also like to extend a special word of thanks to all staff that assisted with the collation of year-end information. Without their valuable contributions and assistance these Annual Financial Statements would not have been possible.



HF BOTHA
B. Com. AIMTR (S.A.)
CHIEF FINANCIAL OFFICER

Date: 31 August 2011

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
NET ASSETS AND LIABILITIES			
Net assets		1609 490 800	1470 413 206
Housing development fund	2	7 146 355	8 482 344
Reserves	3	24 798 579	74 208 578
Capital replacement reserve		24 798 579	74 208 578
Accumulated surplus		1577 545 866	1387 722 284
Non-current liabilities		96 641 481	82 851 396
Employee benefits	7	90 838 558	78 885 677
Non-current provisions	6	4 565 492	1 657 663
Finance Lease liability	4	521 716	1 522 491
Other Long-term liabilities	5	495 407	573 308
Non-current deposits	8	220 309	212 257
Current liabilities		139 165 496	121 940 636
Consumer deposits	9	11 615 474	10 161 299
Provisions	10	5 577 742	6 425 326
Current portion of Employee benefits	7	3 205 936	3 334 688
Payables from Exchange transactions	11	92 724 113	75 888 671
Unspent conditional grants and receipts	12	23 987 119	13 753 518
VAT Payable	13	-	2 314 520
Cash and cash equivalents	22	844 061	8 270 712
Operating Lease Liability	23	50 991	110 907
Current portion of Finance lease liability	4	993 344	1 523 799
Current portion of long-term liabilities	5	166 718	157 196
Total Net Assets and Liabilities		1845 297 778	1675 205 237
ASSETS			
Non-current assets		1596 339 254	1396 071 692
Property, plant and equipment	14	1181 174 463	980 453 150
Intangible Assets	15	273 978	287 262
Investment Property	16	412 957 001	413 143 373
Long-term receivables	17	1 933 812	2 187 907
Investments	21	-	-
Current assets		248 958 524	279 133 545
Inventory	18	14 312 940	12 347 542
Receivables from Exchange transactions	19	39 330 985	36 084 281
Other receivables from non-exchange transactions	20	26 824 618	43 170 071
Current portion of long-term receivables	17	400 656	409 954
VAT Receivable	13	2 966 366	-
Cash and Cash equivalents	22	165 018 660	187 013 980
Operating Lease Assets	23	104 300	107 717
Total Assets		1845 297 778	1675 205 237

STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

Budget			Actual	
2010 R	2011 R	Note	2011 R	2010 R
REVENUE				
198 785 818	375 739 584		333 174 100	177 121 263
54 711 495	64 646 039		64 540 291	54 966 604
54 711 495	64 646 039		64 540 291	54 966 604
141 005 172	307 990 344		265 222 904	119 426 360
138 388 682	221 610 847		194 332 650	94 046 805
2 616 490	86 379 497		70 890 254	25 379 555
3 069 151	3 103 201		3 410 905	2 728 299
3 069 151	3 103 201		3 410 905	2 644 440
-	-		-	83 859
380 651 394	399 195 556		390 338 924	344 361 869
1 570 000	2 125 335		2 072 580	2 143 779
292 485 594	325 512 495		333 503 898	283 375 367
8 771 727	8 957 097		8 629 948	8 461 372
20 947 197	11 255 312		11 971 259	18 488 515
510	-		-	510
361 845	341 243		342 303	353 715
4 232 546	4 477 114		4 448 112	4 315 156
52 281 975	46 526 960		29 370 824	27 223 456
579 437 212	774 935 140		723 513 024	521 483 132
EXPENDITURE				
149 428 532	174 703 130		160 539 586	153 957 930
6 069 092	6 458 786		6 234 907	5 781 129
13 036 328	10 008 079		17 716 874	12 513 624
3 413 000	4 832 300		4 728 181	3 362 747
29 843 561	31 612 567		31 841 659	25 732 514
159 153	123 551		13 284	154 471
-	-		3 715 119	5 340 126
34 358 804	37 914 949		28 119 617	29 781 327
660 001	850 787		695 464	994 701
114 904 343	132 395 145		141 955 515	105 502 690
21 035 022	26 798 985		22 346 405	19 495 580
2 843 324	3 194 096		3 134 299	2 672 503
145 775 584	199 837 655		162 618 950	82 678 842
521 526 744	628 730 030		583 659 861	447 968 184
5 070 000	32 004		74 394	9 897 430
(50,000)	(108,000)		(849,963)	(350,640)
-	-		-	(88, 759,280)
62 930 468	146 129 114		139 077 595	(5, 697,542)
SURPLUS/(DEFICIT) FOR THE YEAR				
Refer to Appendix E(1) for explanations of variances				

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing Development Fund	Capital Replacement Reserve	Accumulated Surplus / (Deficit)	Total
	R	R	R	R
2010				
Balance at 1 July 2009	9 854 239	101 808 566	1369 612 005	1481 274 811
Prior Year Adjustments (Note 39)			(5 489 832)	(5 489 832)
Change in accounting policy (Note 40)			-	-
Change in accounting estimate (Note 41)			-	-
Restated Balance at 1 July 2009	9 854 239	101 808 566	1364 122 173	1475 784 979
Surplus/(deficit) for the year			(5 697 542)	(5 697 542)
Transfer to CRR		48 978 986	(48 978 986)	-
Proceeds on disposal				-
Contribution from CRR - purchase PPE		(76 578 974)	76 578 974	-
Transfer to FDR Government Grants Reserve			-	-
Transfer to FDR Don. and Public Contr. Reserve			-	-
Transfer to Housing Development Fund	238 122		(238 122)	-
Transfer from Housing Development Fund	(1 610 017)		1 610 017	-
Offsetting of depreciation			-	-
Asset disposals			(0)	(0)
Balance at 30 June 2010	8 482 344	74 208 578	1387 396 516	1470 087 437
2011				
Prior Year Adjustments (Note 39)			325 768	325 768
Change in accounting policy (Note 40)			-	-
Change in accounting estimate (Note 41)			-	-
Restated balance at beginning of the year	8 482 344	74 208 578	1387 722 284	1470 413 206
Surplus/(deficit) for the year			139 077 595	139 077 595
Transfer to CRR		47 415 172	(47 415 172)	-
Proceeds on disposal				-
Contribution from CRR - purchase PPE		(96 825 170)	96 825 170	-
Transfer to FDR Government Grants Reserve			-	-
Transfer to FDR Don. and Public Contr. Reserve			-	-
Transfer to Housing Development Fund	187 048		(187 048)	-
Transfer from Housing Development Fund	(1 523 037)		1 523 037	-
Offsetting of depreciation			-	-
Asset disposals			0	0
Balance at 30 June 2011	7 146 355	24 798 579	1577 545 866	1609 490 800

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts:		730 104 400	475 952 843
Ratepayers		407 934 727	314 140 338
Government - Operating		70 042 863	45 090 112
Government - Capital		137 368 784	70 951 885
Other		114 758 026	45 770 508
Payments:		521 911 714	383 222 815
Suppliers		202 133 003	148 752 398
Employees		151 853 967	142 734 404
Other		167 924 745	91 736 013
Cash generated from/(utilised in) operations	44	208 192 686	92 730 029
Interest received		12 313 562	18 842 230
Interest paid		(695 464)	(994 701)
Net cash from operating activities		219 810 783	110 577 557
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(233 929 147)	(146 105 305)
Proceeds on disposal of Property, Plant & Equipment		(775 569)	11 217 265
(Increase)/decrease in investment properties	16	186 373	1 255 000
(Increase)/decrease in long-term receivables	17	284 325	314 057
Net cash from investing activities		(234 234 018)	(133 318 983)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in consumer deposits	9	1 454 175	692 434
Proceeds/(repayment of finance lease liability	4	(1 531 230)	(876 115)
Proceeds/(repayment of other long-term liabilities	5	(68 379)	(246 711)
Net cash from financing activities		(145 434)	(430 392)
Net increase / (decrease) in cash and cash equivalents		(14 568 669)	(23 171 817)
Cash and cash equivalents at the beginning of the year		178 743 268	201 915 085
Cash and cash equivalents at the end of the year	22	164 174 599	178 743 268

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note 1: Accounting Policy

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless stated otherwise.

1.1 Basis of presentation

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance.

The reporting framework is prescribed by the Accounting Standards Board (ASB) in Directive 5 of March 2009 and is summarised below.

The effective standards, in accordance with Directive 5 of the Accounting Standards Board, are summarised as follows:

Reference	Topic
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosures
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral Resources
IAS 12 (AC 102)	Income Taxes
SIC – 21 (AC 421)	Income Taxes – Recovery of Revalued Non-Depreciable Assets
SIC – 25 (AC 425)	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
SIC – 29 (AC 429)	Service Concession Arrangements – Disclosures

Reference	Topic
IFRIC 4 (AC 437)	Determining whether an Arrangement contains a Lease
IFRIC 12 (AC 445)	Service Concession Arrangements
IFRIC 13 (AC 446)	Customer Loyalty Programmes
IFRIC 15 (AC 448)	Agreements for the Construction of Real Estate
IFRIC 17 (AC 450)	Distributions of Non-cash Assets to Owners

IFRIC 18 (AC 451)	Transfer of Assets from Customers
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The Municipality resolved to early adopt the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 1 (Revised)	Presentation of Financial Statements	1 April 2011
GRAP 2 (Revised)	Cash Flow Statements	1 April 2011
GRAP 3 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2011
GRAP 4 (Revised)	The Effects of changes in Foreign Exchange Rates	1 April 2011
GRAP 8 (Revised)	Interest in Joint Ventures	1 April 2011
GRAP 9 (Revised)	Revenue from Exchange Transactions	1 April 2011
GRAP 10 (Revised)	Financial Reporting in Hyperinflationary Economics	1 April 2011
GRAP 11 (Revised)	Construction Contracts	1 April 2011
GRAP 12 (Revised)	Inventories	1 April 2011
GRAP 13 (Revised)	Leases	1 April 2011
GRAP 14 (Revised)	Events after the reporting date	1 April 2011
GRAP 16 (Revised)	Investment Property	1 April 2011
GRAP 17 (Revised)	Property, Plant and Equipment	1 April 2011
GRAP 19 (Revised)	Provisions, Contingent Liabilities and Contingent Assets	1 April 2011
GRAP 21	Impairment of non-cash-generating assets	1 April 2012
GRAP 23	Revenue from Non-Exchange Transactions	1 April 2012
GRAP 26	Impairment of cash-generating assets	1 April 2012
GRAP 100 (Revised)	Non-current Assets held for Sale and Discontinued Operations	1 April 2011

The Municipality resolved to formulate an accounting policy based on the following GRAP standards which have been issued but are not yet effective.

Standard	Description	Effective Date
GRAP 25	Employee Benefits	Unknown
GRAP 104	Financial Instruments	Unknown

The following list of directives, interpretations and guidelines of the Standards of GRAP forms part of the GRAP reporting framework:

Reference	Topic
Directive 1	Repeal of Existing Transitional Provisions in, and consequential amendments to, Standards of GRAP
Directive 2	Transitional Provisions for the Adoption of Standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions
Directive 3	Transitional Provisions for the Adoption of Standards of GRAP by High Capacity Municipalities
Directive 4	Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities
Directive 5	Determining the GRAP Reporting Framework
Directive 6	Transitional Provisions for Revenue Collected by the South African Revenue Service (SARS)
Directive 7	The Application of Deemed Cost on the Adoption of Standards of GRAP
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
Guide 1	Guideline on Accounting for Public Private Partnerships

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP), including any interpretations of such Statements issued by the Accounting Practices Board.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7 "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to

Investment Property, Property, Plant and Equipment and Intangible assets where the acquisition cost of an asset could not be determined.

If fair value at the measurement date cannot be determined for an item of property, plant and equipment, investment property or an intangible asset, an entity may estimate such fair value using depreciated replacement cost.

The cost for depreciated replacement cost is determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.
- in the case of land and buildings a value as determined by a registered valuator.

1.2 Presentation currency

These annual financial statements are presented in South African Rand and all amounts are rounded to the nearest Rand.

1.3 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

1.4 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.5 Comparative Information

Budget information in accordance with GRAP 1, has been included in the Statement of Financial Performance and annexures to these financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.6 Standards, Amendments To Standards and Interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 6 (Revised)	Consolidated and Separate Financial Statements
GRAP 7 (Revised)	Investments in Associate
GRAP 18	Segment Reporting
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

1.7 Foreign currency transactions

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.8 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998 and which requires that the Municipality maintains a separate housing operating account.

Loans from National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa), read with, *inter alia*, Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed and available funds are invested in accordance with the Municipality's investment policy,
- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC for Housing,

- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets,
- Any interest earned on the investments of the fund is disclosed as interest earned in the statement of financial performance,
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund if funds are available and not already committed to approved existing Housing projects.

1.9 Reserves

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred out of the accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a decision by the Accounting Officer.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until it is utilised. The cash may only be invested in accordance with the investment policy of the Municipality,
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment and may not be used for the maintenance of these items,
- All cash proceeds from the sale of assets (including the sale of buildings and land) will be transferred from the Accumulated Surplus to the CRR via the statement of changes in net assets,
- All cash proceeds from developers contributions and payments received in respect of buyout of parking areas will be transferred from the Accumulated Surplus to the CRR via the statement of changes in net assets,
- The CRR is reduced and the accumulated surplus/(deficit) credited with an amount equal to the cost price of the asset purchased when the funds are utilised,
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects. The Integrated Development Plan, the Municipality's ability to raise external finance and the amount of Government grants and subsidies that will be received in future will be taken into account in order to determine the annual contribution to the CRR,
- Annually a contribution equal to the depreciation of that financial year will be contributed from the accumulated surplus to the CRR. The Chief Financial Officer can decide on an increased contribution to the CRR at the closure of the financial records, if sufficient cash surpluses were generated through savings on expenditure or additional income sources during the year,
- The Chief Financial Officer can decide on a lesser contribution amount, but only if the cash income from Interest on Investments and Tariffs did not realise as budgeted for.

1.10 Financial Instruments

The Municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

1.10.1 Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The Municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Receivables
- Receivables from Exchange Transactions
- Other Receivables from Non-Exchange Transactions
- Current portion of Long-term Receivables
- Cash and Cash Equivalents

1.10.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Trade and Other Payables
- Bank Overdraft
- Current Portion of Long-term Liabilities

1.10.3 Measurement

Initial Recognition:

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement:

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.10.4 Impairment of Financial Assets

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Consumer Debtors are stated at cost less a provision for impairment. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.10.5 Derecognition of Financial Instruments

1.10.5.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.10.5.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.10.6 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.11 Leases

1.11.1 The Municipality as Lessee

Amounts held under finance leases are initially recognised as assets of the Municipality at the lower of their fair value at the inception of the lease or the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.11.2 The Municipality as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.13 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Performance.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses.

1.14 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent liabilities are disclosed in the notes to the annual financial statements, unless it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

1.15 Employee Benefits

(a) Pension obligations

The Municipality operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) *Post Retirement Medical Obligations*

The Municipality provides post-retirement healthcare benefits to its employees and retired employees of the municipality, and to their registered dependants. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries bi-annually and the corresponding liability is raised. Payments are offset against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are offset against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

1.16 Payables from Exchange Transactions

Payables from exchange transactions are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method.

1.17 Accrued Leave pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.18 Accrued Annual and Performance bonuses

Liabilities for annual and performance bonuses are recognised as they accrue to employees.

Annual bonuses accrue to employees on an annual basis, based on the employee contract. Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. These accruals are an estimate of the amount due to staff as at the financial year end.

1.19 Unspent Conditional Grants and Receipts

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability - Unspent conditional grants and receipts. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash.

The following provisions are set for the creation and utilisation of this liability:

- The cash which backs up the liability is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unspent conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unspent Conditional Grant into the statement of financial performance as revenue.

1.20 Value Added Tax

The municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.21 Property, Plant and Equipment

1.21.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost.

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

All donated property, plant and equipment is recognised at its fair value.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.21.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.21.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives.

	Years		Years
Infrastructure		Other	
Roads	3-113	Buildings	25-30
Stormwater	24-96	Specialist vehicles	5-10
Electricity	5-73	Other vehicles	5
Water	7-120	Office equipment	3-7
Sewerage	6-138	Furniture and fittings	7-10

Community Improvements Recreational Facilities Security		Computer equipment	3-10
		Bins and containers	5
		Emergency equipment	5-10
	30	Specialised plant and Equipment	10-15
	20-30	Other plant and Equipment	2-5
	5	Landfill sites	15

1.21.4 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.22 Investment Property

1.22.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where the investment property was acquired for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.22.2 Subsequent Measurement – Fair Value

Subsequent to initial recognition investment properties are measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.22.3 Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.23 Intangible Assets

1.23.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.23.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.23.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
Computer Software	2-5

1.23.4 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.24 Non-Current Assets held for sale

1.24.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Council must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.24.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.25 Impairment of Assets

1.25.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.25.2 Non-cash-generating Assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- depreciated replacement cost approach - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- restoration cost approach - the cost of restoring the service potential of an asset to its pre-impaired level. With this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.26 Inventories

1.26.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.26.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose.

The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. In general, the basis of allocating cost to inventory items is the weighted average method.

1.27 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the

receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired.

When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.28 Cash and Cash Equivalents

Cash includes cash on hand, call deposits and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, call deposits and net of bank overdrafts.

1.29 Revenue Recognition

1.29.1 Revenue from exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Service charges relating to **electricity and water** are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to **refuse removal** are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from **sewerage and sanitation** for residential and business properties are levied annually based on a fixed tariff.

Rentals are recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on the effective interest rate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the **sale of goods** is recognised when **all** the following conditions have been satisfied:

- The Municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The income for **agency services** recognised is commission in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

1.29.2 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Revenue from **property rates** is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are

brought into use. **Contributed property, plant and equipment** are recognised when such items of property, plant and equipment are brought into use.

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act, Act No.56 of 2003, and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Grants, Transfers and Donations

Revenue received from **conditional grants, donations and funding** are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised, to the extent that the criteria, conditions or obligations have not been met.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

1.30 Grants and Subsidies paid

The municipality transfers money to individuals and organisations from time to time, based on merit. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction,
- Expect to be repaid in future, and
- Expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events give rise to the transfer occurred.

1.31 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.32 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the reporting entity;
- Individuals owning, directly or indirectly, an interest in the reporting entity that gives them significant influence over the entity, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in the 2nd and 3rd bullet, or over which such a person is able to exercise significant influence.

Key management personnel include:

- All directors or members of the governing body of the entity, being the Executive Mayor, Executive Deputy Mayor, Speaker and members of the Mayoral Committee.
- Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting entity being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.33 Unauthorised Expenditure

Unauthorised expenditure is any expenditure incurred otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (MFMA).

Unauthorised expenditure includes:

- Overspending of the total amount appropriated in the municipality's approved budget,
- Overspending of the total amount appropriated for a vote in the approved budget,
- Expenditure from a vote unrelated to the department or functional area covered by the vote,
- Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose,
- Spending of an allocation received from another sphere of Government, municipality, or organ of state otherwise than in accordance with any conditions of the allocation,
- A grant by the municipality otherwise than in accordance with the MFMA.

Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, Act No.56 of 2003, the Municipal Systems Act, Act No.32 of 2000, the Public Office Bearers Act, Act No. 20 of 1998 or is in contravention of the Municipality's supply chain management policy and which has not been condoned in terms of such act or policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.35 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.36 Interest in Joint Venture

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control.

Joint ventures take many different forms and structures. There are three broad types that meet the definition of a joint venture, namely:

- Jointly controlled operations
- Jointly controlled assets
- Jointly controlled entities

Jointly controlled assets

A jointly controlled asset involves joint control and often the joint ownership by the venturers of assets contributed to or acquired for the purpose of the joint venture and dedicated to the purpose of the joint venture, without the establishment of a corporation, partnership or other entity.

The municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

1.37 Events after reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after reporting date have been disclosed in the notes to the Annual Financial Statements.

1.38 Changes in accounting policy, estimates and errors

Changes in accounting policies have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of changes in accounting policies are disclosed in the notes to the annual financial statements.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Detail of changes in accounting estimates are disclosed in the notes to the annual financial statements.

Prior period errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect or the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Detail of prior period errors are disclosed in the notes to the annual financial statements.

1.39 Significant accounting judgements and estimates

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Intangible assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions above describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

Notes 2 – 53: Other Notes to Annual Financial Statements

2. HOUSING DEVELOPMENT FUND

Balance at beginning of the year
Income
Land Sales
Housing Letting/Selling Scheme Loans
Interest on investments
Housing Debtors

Less: Expenditure
Funding Capital Projects
Funding Operating Projects

Total Housing Development Fund assets and liabilities

2011	2010
R	R
8 482 344	9 854 239
187 048	238 122
51 540	27 251
-	-
135 508	210 870
-	-
1 523 037	1 610 017
-	-
1 523 037	1 610 017
7 146 355	8 482 344

3. RESERVES

Capital Replacement Reserve
Total Reserves

24 798 579	74 208 578
24 798 579	74 208 578

The Capital Replacement Reserve is fully funded and invested in ring-fenced financial instruments.

4. FINANCE LEASE LIABILITY

Computers (Rentworks Africa)
Vehicles (Fleet Africa)
Office equipment (Nashua)
Sub-total

560,609	1,296,673
663,081	1,422,217
291 369	327 399
1,515,059	3,046,290

Less: Current portion transferred to current liabilities

Computers (Rentworks Africa)
Vehicles (Fleet Africa)
Office equipment (Nashua)

993 344	1 523 799
81 024	730 878
447 372	707 422
464 947	85 500

Total Finance lease liability

521 716	1 522 491
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Finance lease liability:

Finance lease liabilities relate to vehicles and office equipment with lease terms not more than five years. Finance leases bear interest at rates between 11 and 15 percent. Finance lease liabilities are secured over the items of vehicles and office equipment leased.

Obligations under Finance leases:

Finance lease liabilities - Minimum capital lease payments:

No later than 1 year
Later than 1 year and no later than 5 years
Later than 5 years

993 344	1 523 799
590 557	1 487 666
-	-
1 583 900	3 011 465
(68 841)	34 825
1 515 059	3 046 290

Future finance charges on finance leases

The present value of finance lease liabilities is as follows:

No later than 1 year
Later than 1 year and no later than 5 years
Later than 5 years

993 344	730 878
521 716	2 315 412
-	-
1 515 059	3 046 290

5. OTHER LONG-TERM LIABILITIES

Local registered stock loans
Annuity loans
Sub-total

594,685	604,044
67,440	126,460
662 125	730 504

Less: Current portion transferred to current liabilities

Local registered stock loans
Annuity loans

166 718	157 196
99 277	80 157
67 440	77 039

Total Other Long-term Liabilities

495 407	573 308
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Local registered stock loans:

Local registered stock loans bear interest at rates between 12 and 15 percent per annum and are repayable between one and seven years.

Annuity loans:

Annuity loans bear interest at NIL percent. One of these loans was fully redeemed in the 2009/10 financial year and the other will be redeemed in the 2012/13 financial year.

6. NON-CURRENT PROVISIONS

	2011 R	2010 R
Rehabilitation of Landfill sites	4 592 660	1 153 584
Clearing of Alien Vegetation	1 378 832	2 757 663
	<u>5 971 492</u>	<u>3 911 247</u>
Less: Transfer to Current Provisions	1 406 000	2 253 584
Rehabilitation of Landfill sites	716 000	553 584
Clearing of Alien Vegetation	690 000	1 700 000
	<u>1 406 000</u>	<u>2 253 584</u>
Total Non-Current Provisions	4 565 492	1 657 663
Rehabilitation of Landfill sites	3 876 660	600 000
Clearing of Alien Vegetation	688 832	1 057 663
	<u>4 565 492</u>	<u>1 657 663</u>

The movement in non-current provisions are reconciled as follows:**30 June 2011**

	<u>Alien Vegetation</u>	<u>Rehabilitation of Landfill Sites</u>
Balance at beginning of year	1 057 663	600 000
Contribution to provisions	-	3 439 076
Reduction in carrying amount of provision	(159 390)	-
Reversal of unused amounts from current	480 559	553 584
Transfer to current provision	(690 000)	(716 000)
Balance at end of year	<u>688 832</u>	<u>3 876 660</u>

30 June 2010

	<u>Alien Vegetation</u>	<u>Rehabilitation of Landfill Sites</u>
Balance at beginning of year	2 235 125	546 000
Contribution to provisions	-	532 584
Reduction in carrying amount of provision	(16 253)	-
Reversal of unused amounts from current	538 791	75 000
Transfer to current provision	(1 700 000)	(553 584)
Balance at end of year	<u>1 057 663</u>	<u>600 000</u>

6.1 REHABILITATION OF LANDFILL SITES

Provision is made in terms of the Municipality's licensing stipulations of the landfill sites for the rehabilitation of these sites. The provision has been determined on the basis of a recent independent study. The payment dates of total closure and rehabilitation are uncertain, but are expected to be between 2014 and 2016.

6.2 CLEARING OF ALIEN VEGETATION

Provision is made in terms of the Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983) for the clearing of alien vegetation as settlement of the obligations in respect of this Act.

7. EMPLOYEE BENEFITS

Post Employment Health Care Benefits	85 538 740	74 831 908
Ex-Gratia Gratuities	1 515 265	924 867
Long Service Awards	6 990 489	6 463 589
	<u>94 044 494</u>	<u>82 220 364</u>
Less: Transfer to Current liability	3 205 936	3 334 688
Post Employment Health Care Benefits	2 224 721	2 316 852
Ex-Gratia Gratuities	165 344	110 661
Long Service Awards	815 871	907 175
	<u>3 205 936</u>	<u>3 334 688</u>
Total Non-Current liability	90 838 558	78 885 677
Post Employment Health Care Benefits	83 314 019	72 515 056
Ex-Gratia Gratuities	1 349 921	814 207
Long Service Awards	6 174 618	5 556 414
	<u>90 838 558</u>	<u>78 885 677</u>

The movement in Employee benefits are reconciled as follows:

	<u>Post Empl Health care Benefits</u>	<u>Ex-Gratia Gratuities</u>	<u>Long Service Awards</u>
30 June 2011			
Balance at beginning of year	74 831 909	924 867	6 463 589
Contribution to provisions			
Interest Cost	6 724 378	72 919	534 912
Service cost & transitional liability	3 589 550	-	871 207
Benefit payments (Expenditure incurred)	(2 642 744)	(140 216)	(900 995)
Actuarial loss / (gain)	3 035 647	657 696	21 776
Transfer to current provision	(2 224 721)	(165 344)	(815 871)
Balance at end of year	83 314 019	1 349 921	6 174 618
30 June 2010			
Balance at beginning of year	62 153 859	899 085	5 969 984
Contribution to provisions			
Interest Cost	5 588 328	75 534	509 949
Service cost & transitional liability	4 042 131		784 081
Benefit payments (Expenditure incurred)	(2 233 539)	(108 749)	(716 566)
Actuarial loss / (gain)	5 281 129	58 998	(83 859)
Transfer to current provision	(2 316 852)	(110 661)	(907 175)
Balance at end of year	72 515 056	814 207	5 556 414

DEFINED BENEFIT PLAN INFORMATION**7.1 POST EMPLOYMENT HEALTH CARE BENEFITS****7.1.1 Introduction and Statistics used:**

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The Projected Unit Credit Method has been used to value the liabilities. The liability for in-service members is accrued over their expected working lifetimes. The expected remaining working-lifetime of eligible employees is 18.3 years.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

- In-service members
- In-service non-members (Unknown for 2009/10 year)
- Continuation members

Total

	2011	2010
	425	461
	312	-
	100	97
Total	837	558

The unfunded liability in respect of past service has been estimated as follows:

- In-service members
- Continuation members

	2011	2010
	R	R
	43 222 328	38 942 555
	42 316 411	35 889 353
	85 538 739	74,831,908

Summary of In-service members:

- Number of Principal members
- Number of Eligible non-members (Unknown for 2009/10 year)
- Proportion Male
- Average age of members
- Average past service
- Average retirement subsidy in today's terms

	2011	2010
	425	461
	312	-
	77%	72%
	41.8	42.2
	9.6	10.0
	R 1,272	R 1,217

Summary of Continuation members:

- Number of Principal members
- Proportion Male
- Average age of members
- Average Employer Contribution p.m.

	2011	2010
	100	97
	55%	56%
	64.7	65.4
	R 2,150	R 1,985

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

- Bonitas;
- Hosmed;
- LA Health;
- Key Health;
- Samwumed.

7.1.2 Results of Valuation:

1) Accrued Liability

	2011 R'000	2010 R'000
In-service members	41.208	38.943
In-service non-members	2.015	0.000
Continuation members	42.316	35.889
All members		
Total Value of liabilities	85.539	74.832
Value of assets	0.000	0.000
Unfunded Accrued Liability	85.539	74.832

The total liability has increased by 14% or R10.707 million since the last valuation.

The main reasons for this movement are:

The average eligible in-service employee liability has decreased by 30% over the year due to:

- The previous valuation made no allowance for eligible in-service non-members.
- A decrease in the average age which means employees are further from retirement and more likely to leave before retirement.
- A decrease in the average past service.

The above factors have been partially offset by a decrease in the net discount rate and an increase in the average retirement subsidy.

The total in-service employee liability has increased by 11% due to the above factors being more than offset by an increase in the total number of eligible in-service employees valued.

The average continuation member liability has increased by 14% due to decreases in the net discount rate and average age of continuation members and an increase in the average employer contribution.

The total continuation member liability has increased by 18% due to the above factors and because the number of continuation members has increased.

2) Current-Service and Interest Costs

Current-service Cost (In-service members)	3 589 600	4 042 131
Interest Cost (All members)	6 724 400	5 588 328
Total Cost	10 314 000	9 630 459

3) Actuarial gains and losses

Actuarial (Gain)/Loss for the period	3 035 647	5 281 129
<u>Contribution to Actuarial (Gain)/Loss:</u>		
Basis changes : Decrease in net discount rate	5 362 019	(6 799 136)
Inclusion of in-service non-members	2 014 738	-
Benefits paid higher than expected	325 892	337 839
Contribution increases higher than assumed	3 149 915	4 679 441
Continuation member's genders different from assumed	-	2 068 907
Changes to Membership profile different from assumed	(7 816 917)	4 994 078
	3 035 647	5 281 129

The genders of the continuation members were unknown in the previous valuation. In this valuation, actual genders were available. Using actual genders accounted for a large amount of the actuarial loss.

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2011	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013
Opening Accrued Liability	62 153 859	74 831 908	85 538 739	94 583 240
Current-service Cost	4 042 131	3 589 550	4 283 229	4 656 351
Interest Cost	5 588 328	6 724 378	7 341 440	8 121 332
Contributions (Benefit payments)	(2 233 539)	(2 642 744)	(2 580 168)	(2 767 662)
Total Annual Expense	7 396 920	7 671 184	9 044 501	10 010 021
Actuarial Loss / (Gain)	5 281 129	3 035 647		
Closing Accrued Liability	74 831 908	85 538 739	94 583 240	104 593 261

7.1.3 Key actuarial assumptions used:**1) Key financial assumptions****i) Rate of interest**

	2011	2010
Discount Rate	8.71%	9.12%
Health Care Cost Inflation Rate	7.27%	7.22%
Net Effective Discount Rate	1.35%	1.78%

2) Key demographic assumptions**i) Mortality rates**

The PA 90-1 ultimate Mortality table was used by the actuaries for post-retirement and the SA 85-90 Mortality table was used for current employment.

ii) Average retirement age

The average retirement age for employees of the municipality is 60 years.

iii) Withdrawal from service

If an in-service member leaves, the employer's liability in respect of that member ceases. A sample of the assumed withdrawal rates is as follows:

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
> 55	0%	0%

iv) Other assumptions

It is assumed that 95% of in-service members will remain on the Municipality's health care arrangement should they stay until retirement.

It is also assumed that 95% of those in-service members who remain on the health care arrangements will be married at retirement. Further, it was assumed that in-service husbands will be four years older than their wives.

It is assumed that 10% of in-service non-members will join the scheme by retirement.

7.1.4 The amounts recognised in the Statement of Financial Position are as follows:

	2011 R	2010 R
Present value of fund obligations	85 538 739	74 831 908
Fair value of plan assets	-	-
Unfunded Accrued Liability	85 538 739	74 831 908
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	85 538 739	74 831 908

7.1.5 The amounts recognised in the Statement of Financial Performance are as follows:

	2011	2010
Current service cost	3 589 550	4 042 131
Interest cost	6 724 378	5 588 328
Actuarial losses/ (gains)	3 035 647	5 281 129
Vested past service cost		
Total included in employee related costs (Note 29) and Actuarial losses	13 349 575	14 911 588

7.1.6 History of Liabilities, Assets and Experience Adjustments

i) Present value of accrued liability and Fair value of plan assets

	Year ending 30/06/2008	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
	R'000	R'000	R'000	R'000
Present value of accrued liability	62.958	62.154	74.832	85.539
Fair Value of plan asset	0.000	0.000	0.000	0.000
Surplus / (deficit)	(62.958)	(62.154)	(74.832)	(85.539)

ii) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments for the current period is as follows:

	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
	R'000	R'000	R'000
Plan liabilities (Gain) / Loss	(3.188)	12.080	(4.667)
Plan assets	-	-	-

7.1.7 Sensitivity Analysis:

Sensitivity Analysis on the Unfunded Accrued Liability:

Assumptions	Change	Liability (R'000)	% Change
Central assumptions		85.539	
Health Care inflation	+1%	100.028	17%
Health Care inflation	-1%	73.803	-14%
Post-retirement mortality	-1 yrs	88.327	3%
Average retirement age	-1 yrs	89.125	4%
Withdrawal rate	-50%	90.165	5%

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30 June 2011:

Assumptions	Change	Total	% Change
Central assumptions		10 314 000	
Health Care inflation	+1%	12 265 800	19%
Health Care inflation	-1%	8 755 800	-15%
Post-retirement mortality	-1 yrs	10 627 100	3%
Average retirement age	-1 yrs	10 884 100	6%
Withdrawal rate	-50%	11 162 900	8%

7.2 EX-GRATIA GRATUITIES

7.2.1 Introduction and Statistics used:

The Ex-Gratia Gratuities to Pensioner Benefit Plan is a defined benefit plan. As at 30 June 2011, 12 pensioners (13 pensioners as at 30 June 2010) were eligible for payments in terms of this plan.

The Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60. The benefit is calculated according to the average annual salary earned during the last year of service multiplied by number of years of service, divided by 60.

All pensioners receive annually increasing monthly pension amounts until death. Increases are in line with those of the Cape Joint Pension Fund, namely targeting 50% of CPI inflation. There is a 60% contingent pension payable to a spouse upon the pensioner's death.

The contribution rate payable is as follows:

For continuation members, the member contribution is 70% and the Council contribution is 30%. For current employees the contribution rate is 60/40.

Statistics on eligible retirees:

	2011	2010
Number of Pensioners	12	13
Average annual pension (Rand)	13,779	8,512
Pension-weighted average age	71.9	75.0

7.2.2 Results of Valuation:**1) Accrued Liability**

	2011 R	2010 R
Total Value of liabilities	1 515 265	924 867
Value of assets	-	-
Unfunded Accrued Liability	1 515 265	924 867

The average liability has increased by 77%. The increase is mainly due to the decrease in the post-retirement interest rate and average age, and the increase in the average annual pension. The total liability has increased by 64% or R590 399 due to the above effects being partially offset by a decrease in the number of ex-gratia pensioners.

2) Current-Service and Interest Costs

Total Interest Costs	72 919	75 534
----------------------	---------------	---------------

Actuaries are of opinion that there is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits.

3) Actuarial gains and losses

Actuarial (Gain)/Loss for the period	657 696	58 998
<u>Contribution to Actuarial (Gain)/Loss:</u>		
Basis changes	44 489	15 323
Benefits paid higher / (lower) than expected	29 555	(397)
Pension increases higher than assumed	17 670	-
Changes to Membership profile different from assumed	565 982	44 072
	657 696	58 998

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2010	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013
Opening Accrued Liability	899 085	924 867	1 515 265	1 459 378
Current-service Cost	-	-	-	-
Interest Cost	75 534	72 919	109 456	105 026
Benefit payments	(108 749)	(140 216)	(165 344)	(169 741)
Total Annual Expense	(33 215)	(67 297)	(55 888)	(64 715)
Actuarial Loss / (Gain)	58 998	657 696		
Closing Accrued Liability	924 868	1 515 266	1 459 377	1 394 663

7.2.3 Key actuarial assumptions used:**1) Key financial assumptions****i) Rate of interest**

	2011	2010
Discount Rate	7.63%	7.92%
Pension increase rate	2.66%	2.52%
Post retirement discount rate	4.84%	5.27%

2) Key demographic assumptions**i) Mortality rates**

The PA(90)-1 mortality table was used by the actuaries.

7.2.4 The amounts recognised in the Statement of Financial Position are as follows:

	2011 R	2010 R
Present value of fund obligations	1 515 265	924 867
Fair value of plan assets	-	-
Unfunded Accrued Liability	1 515 265	924 867
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	1 515 265	924 867

7.2.5 The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	-	-
Interest cost	72 919	75 534
Actuarial losses/ (gains)	657 696	58 998
Vested past service cost	-	-
Total included in employee related costs (Note 29) and Actuarial losses	730 615	134 532

7.2.6 History of Liabilities, Assets and Experience Adjustments:**1) Present value of accrued liability and Fair value of plan assets**

	Year ending 30/06/2008	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
Present value of accrued liability	1 003 461	899 085	924 867	1 515 265
Fair Value of plan asset	-	-	-	-
Surplus / (deficit)	(1 003 461)	(899 085)	(924 867)	(1 515 265)

2) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
Plan liabilities (Gain) / Loss	11 793	43 673	583 653
Plan assets	-	-	-

7.2.7 Sensitivity analysis:Sensitivity Analysis on the Unfunded Accrued Liability:

Assumptions	Change	Liability	% Change
Central assumptions		1 515 265	
Pension Increase rate	+1%	1 632 355	8%
Pension Increase rate	-1%	1 410 937	-7%
Post-retirement mortality	-1 yr	1 565 076	3%

Sensitivity Analysis on the Interest Costs for the year ending 30 June 2011:

Assumptions	Change	Interest cost	% Change
Central assumptions		109 456	
Pension Increase rate	+1%	118 393	8%
Pension Increase rate	-1%	101 494	-7%
Post-retirement mortality	-1 yr	113 258	3%

7.3 LONG SERVICE AWARDS**7.3.1 Introduction and Statistics used:**

The Long Service Awards plan is a defined benefit plan. As at 30 June 2011, 817 employees (837 employees as at 30 June 2010) were eligible for Long Service Awards. The expected remaining working-lifetime of eligible employees is 18.2 years.

The Municipality offers employees Long Service Awards for every five years of service completed, from ten years of service to 45 years of service, inclusive.

The following table describes the benefits awarded:

Completed Service (in years)	Long Service Bonuses (% of Annual Salary)	Description
10	4.0%	10 / 250 x annual salary
15	6.0%	15 / 250 x annual salary
20	8.0%	20 / 250 x annual salary
25	10.0%	25 / 250 x annual salary
30	20.3%	(30 / 250 +1/12) x annual salary
35	22.3%	(35 / 250 +1/12) x annual salary
40	24.3%	(40 / 250 +1/12) x annual salary
45	26.3%	(45 / 250 +1/12) x annual salary

Working days awarded are valued at 1/250th of annual salary per day. In the month that each "completed service" milestone is reached, the employee is granted a LSA.

The valuation makes allowance for the minimum benefits mentioned in the South African Local Government Bargaining Council's Collective Agreement on Conditions of Service, which was signed on 4 June 2009 and which sets out minimum benefits for the period 1 June 2009 through 31 December 2012, inclusive.

The Projected Unit Credit Method has been used to value the liabilities.

Statistics on eligible employees:

	2011	2010
Number of eligible employees	817	837
Average annual salary (Rand)	121,129	115,774
Salary-weighted average age	43.6	44.1
Salary-weighted average past service	10.1	9.9

7.3.2 Results of Valuation:**1) Accrued Liability**

	2011 R	2010 R
Total Value of liabilities	6 990 489	6 463 589
Value of assets	-	-
Unfunded Accrued Liability	6 990 489	6 463 589
Average liability per member	8 556	7 722

The average liability has increased by 11%. The increase is partly due to the increases in the average salary and average past-service and decreases in the average age and net discount rate. The total liability has increased by 8% or R526 900 due to the above factors being partially offset by a decrease in the number of eligible employees.

2) Current-Service and Interest Costs

Current-service Cost	871 207	784 081
Interest Cost	534 912	509 949
Total Cost	1 406 119	1 294 030

3) Actuarial gains and losses

Actuarial (Gain)/Loss for the period	21 776	(83 859)
<u>Contribution to Actuarial (Gain)/Loss:</u>		
Basis changes : (Increase)/Decrease in net discount rate	429 283	(178 923)
Change in Long-service award policy	(62 769)	
Benefits paid lower than expected		(11 059)
Salary increases (lower)/higher than assumed	(105 963)	102 754
Actual benefit vestings lower than expected	(6 180)	
Changes to Membership profile different from assumed	(232 595)	3 369
	21 776	(83 859)

4) Past and Future Changes in the Accrued Liability

	Year ending 30/06/2010	Year ending 30/06/2011	Year ending 30/06/2012	Year ending 30/06/2013
Opening Accrued Liability	5 969 984	6 463 589	6 990 489	7 601 580
Current-service Cost	784 081	871 207	913 759	984 917
Interest Cost	509 949	534 912	513 203	553 884
Benefit payments	(716 566)	(900 995)	(815 871)	(996 650)
Total Annual Expense	577 464	505 124	611 091	542 151
Actuarial Loss / (Gain)	(83 859)	21 776		
Closing Accrued Liability	6 463 589	6 990 489	7 601 580	8 143 731

7.3.3 Key actuarial assumptions used:

2011 2010

1) Key financial assumptions**i) Rate of interest**

Discount rate	7.79%	8.89%
Salary Inflation Rate	6.27%	6.30%
Net Effective Discount Rate	1.43%	2.43%

The salaries used in the valuation include an assumed increase in July 2011 of 6.08%. The next salary increase was assumed to take place in July 2012.

2) Key demographic assumptions**i) Mortality rates**

The SA 85-90 Mortality table was used by the actuaries for current employment.

ii) Average retirement age

The average retirement age for employees of the municipality is 60 years.

iii) Withdrawal from service

If an in-service member leaves, the employer's liability in respect of that member ceases. A sample of the assumed withdrawal rates is as follows:

Age	Females	Males
20	24%	16%
30	15%	10%
40	6%	6%
50	2%	2%
55	0%	0%

7.3.4 The amounts recognised in the Statement of Financial Position are as follows:

	2011 R	2010 R
Present value of fund obligations	6 990 489	6 463 589
Fair value of plan assets	-	-
Unfunded Accrued Liability	6 990 489	6 463 589
Unrecognised Transitional Liability	-	-
Unrecognised Past Service Cost	-	-
Unrecognised Actuarial Gains/(Losses)	-	-
Miscellaneous Item	-	-
Net liability	6 990 489	6 463 589

7.3.5 The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	871 207	784 081
Interest cost	534 912	509 949
Actuarial losses/ (gains)	21 776	(83 859)
Vested past service cost	-	-
Total included in employee related costs (Note 29) and Actuarial losses	1 427 895	1 210 171

7.3.6 History of Liabilities, Assets and Experience Adjustments:**i) Present value of accrued liability and Fair value of plan assets:**

	Year ending 30/06/2007	Year ending 30/06/2008	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
Present value of accrued liability	3 935 469	4 346 643	5 969 984	6 463 589	6 990 489
Fair Value of plan asset	-	-	-	-	-
Surplus / (deficit)	(3 935 469)	(4 346 643)	(5 969 984)	(6 463 589)	(6 990 489)

ii) Experience adjustments

Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred. The experience adjustments is as follows:

	Year ending 30/06/2009	Year ending 30/06/2010	Year ending 30/06/2011
Plan liabilities (Gain) / Loss	1 848 024	95 064	(344 738)
Plan assets	-	-	-

7.3.7 Sensitivity Analysis:Sensitivity Analysis on the Unfunded Accrued Liability:

Assumptions	Change	Liability (R'000)	% Change
Central assumptions		6.990	
General salary inflation	+1%	7.470	7%
General salary inflation	-1%	6.556	-6%
Average retirement age	-2 yrs	5.983	-14%
Average retirement age	+2 yrs	8.019	15%
Withdrawal rates	-50%	8.407	20%

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30 June 2011:

Assumptions	Change	Total	% Change
Central assumptions		1 406 119	
General salary inflation	+1%	1 480 807	5%
General salary inflation	-1%	1 338 370	-5%
Average retirement age	+2 yrs	1 533 626	9%
Average retirement age	-2 yrs	1 270 521	-10%
Withdrawal rates	-50%	1 675 586	19%

7.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS

The personnel of Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund and Cape Retirement Fund are defined benefit plans, whereas the Municipal Councillors Fund and the Provident Fund are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.

- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.

- The same rate of contributions applies to all participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the year ended 30 June 2010 (30 June 2009) revealed that the fund had an actuarial surplus of RNIL (RNIL) with a funding level of 100% (100%), and is in a sound financial state as at 30 June 2010. The valuation also revealed that the fund had a solvency reserve of R4,9 million as at 30 June 2010.

CAPE RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2010 (30 June 2009) revealed that the fund had an actuarial surplus of R1,275 (R119,95) million with a funding level of 100,3% (131,9%). Certified in a sound financial position as at 30 June 2010.

SALA PENSION FUND

The fund has been certified in a sound financial position as at 1 July 2006 and has improved to a position where it is now 100% funded. It should be noted that the rule amendments giving effect to the changes as at 1 July 2003 in terms of the previous Scheme of Arrangement have been approved. Although these rule amendments were fully backdated, there is a risk that some benefit payments may still be necessary in terms of the precedent set by the Adjudicator's ruling that a member was underpaid in a specific instance. Provision for this eventuality has been made in the financial account of the Fund. The Council is contributing an additional 2,71% to the fund as from 1 July 2005 effective from July 2003.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The financial statements of the fund have not been audited since June 2006 and the financial position of the fund is not available.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 5% by the members and not less than 12% by Council. The last valuation performed for the year ended 30 June 2005, certified that the fund is in a sound financial state.

8. NON-CURRENT DEPOSITS**Santos Pavilion Repair Fund**

Balance at beginning of year
Contributions during the year
Interest on Investment
Expenditure during the year

2011	2010
R	R
212 257	202 289
-	-
8 052	9 968
-	-
<u>220 309</u>	<u>212 257</u>

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 99-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100,000 to Council as an investment. Interest earned may be used by Council for the maintenance of the building, should he fail to do it himself.

9. CONSUMER DEPOSITS

Electricity
Water
Total consumer deposits

6 458 070	5 586 647
5 157 403	4 574 651
<u>11 615 474</u>	<u>10 161 299</u>
Guarantees held in lieu of electricity deposits	
<u>10 000</u>	<u>10 000</u>

Guarantees held in lieu of electricity were R10 000 for 2011 (R10 000 for 2010) which is included in the total consumer deposits of R11 615 474 in 2011 (R10 161 299 in 2010). No interest accrues on consumer deposits.

10. PROVISIONS (CURRENT PORTION)

Rehabilitation of Landfill sites
Clearing of Alien Vegetation
Pension Fund Investment Shortfall
Total Provisions

716 000	553 584
690 000	1 700 000
4 171 742	4 171 742
<u>5 577 742</u>	<u>6 425 326</u>

The movement in current provisions are reconciled as follows:

	2011 R	2010 R
Rehabilitation of Landfill sites		
Balance at beginning of year	553 584	75 000
Transfer from non-current	716 000	553 584
Contributions to provisions		
Unused amount reversed to non-current	(553 584)	(75 000)
Expenditure incurred		
Balance at end of year	716 000	553 584
Clearing of Alien Vegetation		
Balance at beginning of year	1 700 000	1 865 000
Transfer from non-current	690 000	1 700 000
Contributions to provisions		
Unused amount reversed to non-current provision	(480 559)	(538 791)
Expenditure incurred	(1 219 441)	(1 326 209)
Balance at end of year	690 000	1 700 000
Pension Fund Investment Shortfall		
Balance at beginning of year	4 171 742	-
Transfer from non-current		
Contributions to provisions		4 171 742
Expenditure incurred	-	-
Balance at end of year	4 171 742	4 171 742

Rehabilitation of Landfill sites:

This is the current portion which is due of the non-current provision. (refer note 6)

Clearing of Alien Vegetation:

This is the current portion which is due of the non-current provision. (refer note 6)

Pension Fund Investment Shortfall:

Local authorities associated with the Cape Joint Pension Fund are under an obligation to contribute pro rata to the Fund such a sum as will make up for any shortage between actual earnings and an investment return of 5,5% on all its assets. The Fund's actuary has calculated a shortfall in the investments returns in respect of defined benefits component. Mossel Bay Municipality is liable for a pro rata payment to the Fund in the sum of R 4 171 742.

11. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	40 236 771	40 400 524
Payments received in advance	11 040 668	6 008 379
Accrued Expenditure	3 704 548	3 339 316
Performance Bonus accrual	933 865	947 958
Retentions	19 369 089	10 791 183
Staff leave accrual	10 364 065	8 235 139
Other payables	754 260	194 789
Other deposits	6 320 847	5 971 384
Total Payables from exchange transactions	92 724 113	75 888 671

The fair value of trade and other payables approximates their carrying amounts. Trade and other payables are normally settled on 30 day terms in accordance with the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice/statement. Thereafter interest is charged in accordance with the credit policies of the various individual creditors.

Performance Bonus accrual:

Performance bonuses accrue to employees on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due to staff as at the financial year end.

Staff Leave Accrual:

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and the total remuneration package of the employee.

12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	2011 R	2010 R
11.1 Conditional grants from spheres of government	21 946 082	13 720 354
Provincial Grants (Note 26)	13 106 620	4 343 178
National Grants (Note 26)	8 811 753	9 184 777
Other Government Grants (Note 26)	27 710	192 400
11.2 Other conditional receipts	2 041 037	33 164
District Municipality	(0)	-
Developers contributions	-	-
Public contributions (Note 28)	2 041 037	33 164
Total unspent conditional grants and receipts	23 987 119	13 753 518

These amounts are invested in a ring-fenced investments until utilised in terms of section 12 of the MFMA.

Refer to Note 26 for reconciliation of Grants & Subsidies and Note 28 for reconciliation of Public Contributions. Also refer to Appendix F for detail per Vote, per Project and Per Grant/contribution.

13. VAT Payable / Receivable

Opening Balance	2 314 520	2 326 786
VAT Payable (output)	(65 467 548)	(41 409 019)
VAT Receivable (Input)	74 327 598	44 674 362
Paid to SARS	(14 140 935)	(3 277 610)
Total VAT Payable / (Receivable)	(2 966 366)	2 314 520

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over SARS.

14. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Depreciation	Carrying Value
As at 30 June 2010	R	R	R
Land	301 200 782	-	301 200 782
Buildings	127 866 290	33 603 248	94 263 041
Infrastructure	663 966 338	167 265 546	496 700 792
Community	75 138 254	17 752 793	57 385 462
Other	59 160 275	28 257 202	30 903 073
Total	1227 331 938	246 878 789	980 453 150
As at 30 June 2011	R	R	R
Land	303 277 077	-	303 277 077
Buildings	126 891 907	37 889 133	89 002 774
Infrastructure	880 882 817	189 718 237	691 164 579
Community	79 755 066	18 816 353	60 938 713
Other	65 165 236	28 373 916	36 791 320
Total	1455 972 102	274 797 639	1181 174 463

Refer to Appendix B for detail per department.

ANALYSIS OF PPE AS AT 30 JUNE 2011												
	Cost/revaluation					Accumulated depreciation						Carrying value
	Opening balance	Under construction	Additions	Disposals	Closing balance	Opening balance	Additions	Impairment losses	Disposals	Change in Useful lives	Closing balance	
Land & Buildings												
Land	301 200 782	2 034 272	77 023	35 000	303 277 077	-	-	-	-	-	-	303 277 077
Buildings	125 832 018	559 810	500 079	-	126 891 907	33 603 248	4 381 680	-	-	(95 795)	37 889 133	89 002 774
	427 032 800	2 594 082	577 102	35 000	430 168 984	33 603 248	4 381 680	-	-	(95 795)	37 889 133	392 279 851
Infrastructure												
Drains	-	10 847 310	-	-	10 847 310	-	1 625 569	-	-	(35 539)	1 590 030	9 257 280
Roads	172 879 777	13 920 331	4 862 238	-	191 662 346	46 856 100	5 662 161	-	457	(123 700)	52 394 103	139 268 243
Beach improvements	-	19 316	-	-	19 316	-	-	-	-	-	-	19 316
Sewerage mains & Purif	93 821 644	16 865 341	7 172 181	48 455	117 810 711	34 751 320	3 851 079	-	1 659	(84 195)	38 516 545	79 294 166
Electricity mains	127 027 790	3 321 814	5 694 102	-	136 043 706	40 170 133	4 147 348	-	-	(90 672)	44 226 809	91 816 898
Electricity peak load equipm	9 981 197	14 935 185	9 195 393	-	34 111 775	164 082	836 146	-	-	(18 280)	981 947	33 129 827
Water mains & purification	65 182 668	216 972 250	2 950 625	-	285 105 544	8 406 787	3 027 830	-	-	(66 197)	11 368 420	273 737 123
Reservoirs - water	45 786 757	13 235	-	-	45 799 992	15 088 666	1 017 237	-	-	(22 240)	16 083 664	29 716 328
Water meters	-	97 117	-	-	97 117	-	38	-	-	(1)	37	97 080
Water mains	44 444 479	14 956 587	-	16 066	59 385 000	21 828 458	2 798 783	-	9 370	(61 189)	24 556 682	34 828 318
	559 124 312	291 948 486	29 874 539	64 521	880 882 817	167 265 546	22 966 191	-	11 486	(502 014)	189 718 237	691 164 579
Community assets												
Parks & gardens	7 428 695	-	277 493	-	7 706 188	1 001 365	277 493	-	-	(6 067)	1 272 791	6 433 397
Libraries	3 273 141	-	386 921	2 299	3 657 763	922 889	109 428	-	2 299	(2 392)	1 027 626	2 630 137
Recreation grounds	12 312 618	18 044	1 089 683	-	13 420 345	3 521 806	702 762	-	-	(15 364)	4 209 204	9 211 141
Civic buildings	52 123 801	-	2 846 969	-	54 970 770	12 306 733	-	-	-	-	12 306 733	42 664 037
	75 138 255	18 044	4 601 066	2 299	79 755 066	17 752 793	1 089 683	-	2 299	(23 823)	18 816 353	60 938 713
Heritage assets												
Historical buildings	-	-	-	-	-	-	-	-	-	-	-	-
Painting & art galleries	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1061 295 367	294 560 612	35 052 707	101 820	1390 806 867	218 621 587	28 437 554	-	13 785	(621 633)	246 423 724	1144 383 143

[illegible]

15. INTANGIBLE ASSETS

	2011 R	2010 R
Carrying values at the beginning of the year	287 262	441 734
Cost	1 170 857	1 170 857
Accumulated amortisation	(883 595)	(729 124)
Acquisitions	-	-
Disposals	-	-
Amortisation	(13 284)	(154 471)
Amortisation written back on disposals	-	-
Carrying values at the end of the year	273 978	287 262
Cost	1 170 857	1 170 857
Accumulated amortisation	(896 879)	(883 595)

Intangible assets are initially recognised at cost and are carried at cost less accumulated amortisation and impairments.

Intangible assets have finite useful lives and the estimated remaining useful lives are reviewed at each reporting period.

The amortisation expense is included in the line item "Amortisation - Intangible Assets" (Note 32) in the Statement of Financial Performance.

The municipality does not have any internally generated intangible assets.

16. INVESTMENT PROPERTY

Carrying values at the beginning of the year	413 143 373	503 157 653
Cost	413 143 373	503 157 653
Acquisitions	-	-
Fair Value adjustment	-	-88,759,280
Disposals	-186,373	-1,255,000
Carrying values at the end of the year	412 957 001	413 143 373
Cost	412 957 001	413 143 373
Amounts included in Surplus/Deficit for the year, are as follows:		
Rental Revenue from Investment Property	685 431	605 636
Fair value adjustment	-	(88 759 280)

At initial recognition, the municipality measures Investment Property at cost and the fair value model is applied to investment property for subsequent measurement. Under the fair value model, Investment Property is carried at its fair value at the reporting date.

The fair value of Investment Property is supported by market evidence.

Revaluations were performed by an independent valuator, Mr WM De Kock, of WM De Kock Associates, who holds a recognised and relevant qualification, during August 2010. No valuation was done during 2011, due to no significant changes in the property market. A certificate to this extent was received from the above-mentioned valuator.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

17. LONG-TERM RECEIVABLES

	2011 R	2010 R
Long-term receivables:	3 374 766	3 659 091
Study Loans	149 782	166 197
Land Sales Debtors	29 193	33 158
Public Assistance Loans	327 577	375 243
Housing Selling Scheme Loans	2 868 214	3 084 493
Less: Current portion transferred to current receivables	400 656	409 954
Land Sales Debtors	3 283	1 437
Public Assistance Loans	99 277	80 157
Housing Selling Scheme Loans	298 095	328 360
Less: Provision for Impairment of long-term receivables	1 040 298	1 061 230
Housing Selling Scheme Loans	1 040 298	1 061 230
Total	1 933 812	2 187 907
Reconciliation of Impairment of Long-term receivables		
Balance at beginning of year	1 061 230	2 227 708
Contribution to / (Reversal from) provision	(20 932)	(1 166 478)
Bad Debts written off / recovered	-	-
Balance at end of year	1 040 298	1 061 230

Outstanding Land Sales debtors and Housing selling scheme loans were summarised in scheme numbers. A payment % report was also drawn from the system per suburb, as the report can not be drawn per scheme, and vice versa.

A payment percentage of 64.26 % was established and a provision for impairment was made for 35.74%.

No provision for impairment to be recognised for study and public assistance loans.

Refer to Note 39.1 for detail regarding the restatement of the previous year balance of Study Loans.

Land Sales

Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

Public assistance loans

To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These attract interest at a rate of 8% to 15% per annum and are repayable over a maximum period of 15 years.

Housing Selling Scheme Loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

18. INVENTORY

Consumable stores - at cost	734 808	448 819
Maintenance materials - at cost	7 739 190	5 586 971
Meters	226 725	266 642
Spare parts	3 446	9 258
Purification Materials	1 149 986	1 068 029
Unsold properties held for resale	4 079 009	4 778 639
Water purification	379 776	189 183
Total inventory	14 312 940	12 347 542

Inventory 2010/11 = R10 233 932 (R7 568 903 in 2009/10). Unsold properties held for sale transferred to inventory in 2010/11 = R4 079 009 (R4 778 639 in 2009/10). Total inventory 2010/11 = R14 312 940

Inventory to the value of RNIL (R19 849 in 2009/10) was written off during this financial year.

Refer to Note 39.3 for detail regarding the restatement of the previous year balance of maintenance materials.

19. RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2011	Gross Balances	Provision for Impairment	Net Balance
Service debtors	50 031 415	12 314 989	37 716 426
Electricity	14 562 293	1 123 455	13 438 837
Water	15 090 059	4 675 371	10 414 688
Refuse	5 100 041	1 218 266	3 881 775
Sewerage	15 279 023	5 297 897	9 981 126
Debtpack Collections	2 469 540	2 455 087	14 453
Land Sales	17 705	13 683	4 022
Housing Instalments	1 184 119	593 363	590 756
Housing rentals	285 755	47 206	238 549
Other	1 642 135	875 355	766 780
Total	55 630 668	16 299 683	39 330 985

As at 30 June 2010			
Service debtors	46 473 027	11 591 005	34 882 022
Electricity	11 502 714	886 556	10 616 158
Water	13 399 291	4 159 281	9 240 010
Refuse	4 953 577	1 285 690	3 667 887
Sewerage	16 617 445	5 259 478	11 357 967
Debtpack Collections	1 730 374	1 728 067	2 308
Land Sales	19 682	16 143	3 539
Housing Instalments	1 232 397	643 456	588 942
Housing rentals	294 290	59 840	234 450
Other	1 144 502	771 480	373 021
Total	50 894 272	14 809 990	36 084 281

Refer to Note 39.2 for detail regarding the restatement of previous year balance.

	2011	2010
<u>Electricity, Water, Refuse and Sewerage): Ageing</u>	R	R
Current (0 -30 days)	23 400 267	19 081 193
31 - 60 Days	1 830 058	2 237 828
61 - 90 Days	1 672 684	1 865 021
91 - 120 Days	1 560 382	1 720 782
121- 365 Days	12 060 619	13 101 064
> 365 Days	9 507 406	8 682 356
Total	50 031 415	46 688 245

Service debtors receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R21 785 386 (2009/10 = R18 365 588) and for more than 30 days is R15 931 040 (2009/10 = R16 731 652).

Debtpack Collections

Current (0 -30 days)	5	269
31 - 60 Days	8 195	37
61 - 90 Days	6 253	4 037
91 - 120 Days	6 236	1 675
121- 365 Days	1 744 285	1 386 295
> 365 Days	704 566	338 061
Total	2 469 540	1 730 374

Debtpack collection receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R5 (2009/10 = R269) and for more than 30 days is R14 448 (2009/10 = R2 038).

Housing Instalments

Current (0 -30 days)	23 309	25 081
31 - 60 Days	8 615	9 750
61 - 90 Days	8 247	77 439
91 - 120 Days	8 137	8 044
121- 365 Days	88 818	151 655
> 365 Days	1 046 993	960 428
Total	1 184 119	1 232 397

Housing instalments receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R23 309 (2009/10 = R25 081) and for more than 30 days is R567 447 (2009/10 = R563 861).

Housing rentals: Ageing

Current (0 -30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121- 365 Days

> 365 Days

Total

	2011	2010
	R	R
Current (0 -30 days)	7 287	7 110
31 - 60 Days	2 651	2 439
61 - 90 Days	2 416	7 646
91 - 120 Days	2 295	1 768
121- 365 Days	65 152	53 241
> 365 Days	205 955	6 867
Total	285 755	79 071

Housing rentals receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R7 287 (2009/10 = R7 110) and for more than 30 days is R231 262 (2009/10 = R12 121).

Other

Current (0 -30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121- 365 Days

> 365 Days

Total

Current (0 -30 days)	548 685	351 699
31 - 60 Days	111 229	25 496
61 - 90 Days	106 866	15 409
91 - 120 Days	18 016	94 069
121- 365 Days	261 943	181 427
> 365 Days	595 396	476 402
Total	1 642 135	1 144 502

Other receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R548 685 (2009/10 = R351 699) and for more than 30 days is R218 095 (2009/10 = R21 322).

Land Sales

Current (0 -30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121- 365 Days

> 365 Days

Total

Current (0 -30 days)	964	1 070
31 - 60 Days	402	381
61 - 90 Days	219	339
91 - 120 Days	175	311
121- 365 Days	1 045	2 492
> 365 Days	14 899	15 089
Total	17 705	19 682

Land sales receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R964 (2009/10 = R1 070) and for more than 30 days is R3 058 (2009/10 = R2 469).

Reconciliation of Provision for impairment of receivables

Balance at beginning of year

Contribution to / (Reversal from) provision

Bad Debts written off / recovered

Balance at end of year

Balance at beginning of year	14 809 990	16 572 459
Contribution to / (Reversal from) provision	13 725 272	8 175 775
Bad Debts written off / recovered	(12 235 579)	(9 938 243)
Balance at end of year	16 299 683	14 809 990

Summary of Receivables by Consumer Classification

Residential

Industrial / Commercial

National / Provincial government

Payments received in Advance

Residential	38 025 454	38 759 728
Industrial / Commercial	12 128 083	7 768 192
National / Provincial government	1 165 050	1 357 324
Payments received in Advance	4 312 081	3 009 027
	55 630 668	50 894 272

20. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**Other Receivables from Non-Exchange transactions:**

Rates

Accrued Income

Unauthorised expenditure (see Note 46.1)

Fruitless & wasteful expenditure (see Note 46.2)

Government subsidies

Other

Recoverable Expenditure

	42 213 220	54 767 575
Rates	10 741 070	8 597 880
Accrued Income	4 018 485	4 655 571
Unauthorised expenditure (see Note 46.1)	-	-
Fruitless & wasteful expenditure (see Note 46.2)	-	-
Government subsidies	-	515 615
Other	27 453 665	40 998 508
Recoverable Expenditure	-	-

Less: Provision for impairment of other receivables

Rates

Other : Operating Balance PAWC (Housing Administration)

	15 388 603	11 597 504
Rates	2 870 392	1 790 161
Other : Operating Balance PAWC (Housing Administration)	12 518 211	9 807 343
Total	26 824 618	43 170 071

Sundry debtors are grouped together in financial assets with similar credit risk characteristics and collectively assessed for impairment. However the "Other Debtors" are individually assessed.

A provision was made for a 100% non-payment of the Operating Balance for Housing costs.

Rates: Ageing

Current (0 -30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121- 365 Days

> 365 Days

Total

2011	2010
R	R
3 818 338	3 382 157
388 114	450 264
355 471	279 929
408 853	262 804
3 315 118	2 655 239
2 455 175	1 567 488
10 741 070	8 597 880

Rates receivables that are past due as at the end of 2010/11 but not impaired, for less than 30 days is R3 496 834 (2009/10 = R3 270 208) and for more than 30 days is R4 373 844 (2009/10 = R3 537 512).

Reconciliation of Provision for impairment of other receivables

Balance at beginning of year

Contribution to / (Reversal from) provision

Bad Debts written off / recovered

Balance at end of year

11 597 504	7 479 964
3 969 938	4 314 893
(178 840)	(197 353)
15 388 603	11 597 504

Summary of Rates by Consumer Classification

Residential

Industrial / Commercial

National / Provincial government

Payments received in Advance

7 371 984	5 936 728
2 181 711	1 703 474
1 006 925	857 099
180 450	100 579
10 741 070	8 597 880

21. INVESTMENTS

Long-term Deposits : Other bodies

Less: Payment to other bodies

Short-term Investment deposits

Less: Current portion maturing within next 12 months - refer note 22

2 283 318	1 238 088
(2 283 318)	(1 238 088)
165 000 000	187 000 000
(165 000 000)	(187 000 000)
-	-

Investments are made in accordance with the municipality's Cash Management and Investment policy as follows:

- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- That council does not make use of the services of investment brokers
- Council's total investment portfolio be invested with banks rated as follows:
 - short-term investments (0 - 12 months) only institutions with an F2 and higher rating be used
 - long-term investments (more than 12 months) only institutions with A or higher rating be used
- Not more than 50% of the total investments invested with one institution

No investments were written off during the year.

Long-term Deposits: Other bodies (Group Schemes)

These deposits are Group Scheme funds of employees that is paid over to the Municipality, who then invests these funds in the name of the employee in Money market funds. It therefore has no impact on the Municipality's Statement of Financial Position.

22. CASH AND CASH EQUIVALENTS

Assets

Petty Cash

Bank balances

Short-term Investment deposits

Total cash and cash equivalents - Assets

18 660	13 980
-	-
165 000 000	187 000 000
165 018 660	187 013 980

Liabilities

Bank overdraft (as per Cash book balance)

Total cash and cash equivalents - Liabilities

(844 061)	(8 270 712)
(844 061)	(8 270 712)

The municipality has the following bank accounts:

BANK ACCOUNT

Primary Bank Account - NEDBANK DEPOSIT ACCOUNT

Secondary Bank Account - NEDBANK CHECQUE ACCOUNT

Account Numbers

1626566909

1626566917

29 697 695	8 269 246
-	-
29 697 695	8 269 246

	2011 R	2010 R
Bank statement balance at beginning of year	8 269 246	21 508 524
Bank statement balance at end of year	29 697 695	8 269 246
Cash book balance at beginning of year	(8 270 712)	(1 098 895)
Cash book balance at end of year	(844 061)	(8 270 712)
Petty Cash / Float at beginning of year	13 980	13 980
Petty Cash / Float at end of year	18 660	13 980
INVESTMENTS: Current portion matures within next 12 months - Refer Note 21	165 000 000	187 000 000

All accounts are with NEDBANK. The balance of account no. 1626566917 - cheque account, is swept to the main account - Primary bank account no. 1626566909

23. OPERATING LEASES

The Municipality as lessee

Operating leases relate to Buildings with lease terms of between one to five years, with an option to extend for a further period. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following liabilities have been recognised in the Statement of Financial Position:

Balance at beginning of year	110,907	79,185
Movement for the year	(59,916)	31,721
Total Operating Lease Liabilities - as lessee	50 991	110 907

The following payments have been recognised as an expenditure in the Statement of Financial Performance:

Lease payments	1,038,310	921,698
Total Operating Lease payments - as lessee	1 038 310	921 698

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for buildings, which fall due as follows:

Buildings		
Up to 1 year	1,253,584	1 041 080
1 to 5 years	2,042,407	785 448
More than 5 years	-	-
Total Operating Lease arrangements - as lessee	3 295 991	1 826 528

The Municipality as lessor

Operating leases relate to Investment Property owned by the Municipality with lease terms of between one to forty years. The lessee does not have an option to purchase the property at the expiry of the lease period.

In respect of Non-cancellable Operating Leases the following assets have been recognised in the Statement of Financial Position:

Balance at beginning of year	107,717	107,108
Movement for the year	(3,417)	609
Total Operating Lease Assets - as lessor	104 300	107 717

The following receipts have been recognised as an income in the Statement of Financial Performance:

Lease income	685,431	605,636
Total Operating Lease income - as lessor	685 431	605 636

At the reporting date the municipality had lease receipts receivable under non-cancellable operating leases for Investment Property, which fall due as follows:

Investment Property		
Up to 1 year	669,737	597,995
1 to 5 years	1,092,206	1,186,985
More than 5 years	562,122	696,760
Total Operating Lease arrangements - as lessor	2 324 065	2 481 739

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13.

24. PROPERTY RATES

Actual	2011	2010
	R	R
Residential	51 113 555	43 563 183
Commercial	11 935 628	11 016 457
Vleesbaai	305 919	-
Accommodation Establishments	1 557 419	-
State	496 021	1 574 801
Building Clause	11 520	10 282
Assessment Rate: Letting	1 438	1 466
Assessment Rate: State Building Kwa Nonqaba	47 909	72 355
Agricultural	621 935	575 616
Agricultural Business	161 470	-
Less: Income forgone	(1 712 524)	(1 847 557)
Total assessment rates	64 540 291	54 966 604

Valuations	July 2011	July 2010
Residential	24 791 887 982	24 254 300 590
Commercial	2 714 895 000	3 159 622 400
State	385 549 918	378 922 500
Municipal	621 390 100	598 223 000
Building Clause	5 391 940	5 895 800
Accommodation Establishments	492 500 700	-
Accommodation Agricultural	51 592 000	-
Vleesbaai	491 589 600	-
Assessment Rate: Letting	-	-
Assessment Rate: State Building Kwa Nonqaba	21 345 000	17 410 000
Agricultural	1 215 644 100	1 284 231 300
Total property valuations	30 791 786 340	29 698 605 590

The valuation of land takes place every four years in terms of the determinations of the new Ordinance on Property Valuation, 1993. The basic rate for land and buildings ranged between R0,000523 and R0,004530 respectively. Qualifying pensioners received an additional rebate of either 50% or 30% on property tax. With regard to needy families, where the joint income of husband and wife amounted to less than R4 000 a rebate was allowed with regard to water, refuse and sewerage. Regarding the housing schemes, it is noted that income for rates was not based on valuation as the values are less than R50 000. The first R50 000 of residential properties are not levied, R15 000 are impermissible rates and a rebate are given on R35 000.

25. SERVICE CHARGES

Sale of electricity	192 893 765	160 907 455
Sale of water	61 680 538	49 416 982
Refuse removal	31 434 045	27 004 363
Sewerage & sanitation charges	47 495 551	46 046 566
Total service charges	333 503 898	283 375 367

The service charges revenue are in respect of services rendered to consumers and billed in terms of Council's approved tariffs.

26. GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	34 232 731	26 678 425
National Government Grants	127 837 012	44 529 302
Provincial Government Grants	28 389 367	18 347 531
Main Road Subsidy - Provincial	-	-
Other Grants	3 873 540	4 491 546
Total Government Grant & Subsidies	194 332 650	94 046 805

26.1 Equitable Share

Balance unspent at beginning of year	-	-
Current year receipts	34 232 731	26 678 425
Adjustments	-	-
Conditions met - transferred to revenue	(34 232 731)	(26 678 425)
Conditions still to be met - transferred to liabilities (see note 12)	-	-

	2011	2010
	R	R
26.2 National Government Grants		
Balance unspent at beginning of year	9 184 777	7 051 218
Current year receipts	127 529 155	46 662 862
Adjustments	65 167	-
Conditions met - transferred to revenue	(127 837 012)	(44 529 302)
Conditions still to be met - transferred to liabilities (see note 12)	8 811 753	9 184 777

Mossel Bay Municipality received various grants from National Government for operational and capital projects, such as the Desalination Plant and Energy Efficiency and Demand Side Management project. National Grants also include MIG, FMG and MSIG funding. Other than the amounts unspent, the conditions of the grants have been met.

26.3 Provincial Government Grants		
Balance unspent at beginning of year	4 343 178	6 879 049
Current year receipts	37 455 603	15 811 660
Adjustments	302 793	-
Conditions met - transferred to revenue	(28 389 367)	(18 347 531)
Conditions still to be met - transferred to liabilities (see note 12)	13 106 620	4 343 178

Mossel Bay Municipality received various grants from Provincial Government for operational and capital projects, such as Housing Topstructures, Thusong centre, Library services, Expanded public works programme and the CDW grant. Other than the amounts unspent, the conditions of the grants have been met. The only funds delayed at 30 June 2011 was R147 655 from the Dept of Housing.

26.4 Main Roads Subsidy		
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 12)	-	-

26.5 Other Grants		
Balance unspent at beginning of year	192 400	365 676
Current year receipts	3 270 985	4 318 270
Adjustments	(437 865)	-
Conditions met - transferred to revenue	(3 873 540)	(4 491 546)
Conditions still to be met - transferred to liabilities (see note 12)	27 710	192 400

The Municipality received various other grants from PAWC for operational projects, such as funds for Water leakages, Integration rural settlements, Home Owners education and LGSETA funds. Other than the amounts unspent, the conditions of the grants have been met. The only funds delayed at 30 June 2011 was R437 865 from LGSETA.

27. OTHER INCOME

Building Plan Fees	2 113 889	2 667 155
Availability Fees (Services)	13 937 560	12 719 498
Land Usage Fees	393 904	429 541
Contributions from External Services	3 905 840	2 842 998
Contributions from Land Sales	2 117	2 157
Insurance Claims	1 101 330	493 472
Collection costs recovered	3 330 435	2 442 167
Other	4 585 750	5 626 467
Total other income	29 370 824	27 223 456

28. PUBLIC CONTRIBUTIONS, DONATED AND CONTRIBUTED PPE

District Municipality	1 861 936	-
Developers Contributions	-	-
Public Contributions	67 335 130	22 603 501
Donated and Contributed PPE	30 000	1 020 467
Connection Fees	1 663 187	1 755 587
Other	-	-
Total public contributions	70 890 254	25 379 555

28.1 District Municipality		
Balance unspent at beginning of year	-	-
Current year receipts	1 861 936	-
Adjustments	-	-
Conditions met - transferred to revenue	(1 861 936)	-
Conditions still to be met - transferred to liabilities (see note 12)	(0)	-

	2011	2010
	R	R
28.2 Developers Contributions		
Balance unspent at beginning of year	(0)	(0)
Current year receipts	-	-
Adjustments	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities (see note 12)	(0)	(0)

28.3 Public Contributions		
Balance unspent at beginning of year	33 164	65 885
Current year receipts	64 709 861	22 570 780
Adjustments	4 633 142	-
Conditions met - transferred to revenue	(67 335 130)	(22 603 501)
Conditions still to be met - transferred to liabilities (see note 12)	2 041 037	33 164

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. In accordance with this agreement, Mossel Bay Municipality will invoice PetroSA for its share of the reconciled, agreed amounts due and payable. The above Public Contributions receipts includes an amount of R63 855 343 for PetroSA's portion of the payment to approved contractors, consultants and/or other service providers under cover of appropriate invoices. The only funds delayed at 30 June 2011 was R4 633 142 from PetroSA.

28.4 Donated and Contributed Property, Plant and Equipment		
Balance unspent at beginning of year	-	-
Current year receipts	30 000	1 020 467
Adjustments	-	-
Conditions met - transferred to revenue	(30 000)	(1 020 467)
Conditions still to be met - transferred to liabilities (see note 12)	-	-

The Municipality receives contributions from various private funders for operational and capital projects. Other than the amounts unspent the conditions of the contributions have been met.

29. EMPLOYEE RELATED COSTS

Employee-related costs - Salaries, Wages & Bonuses	97 995 368	91 558 573
Employee-related costs - Contributions for UIF, pensions & medical aids	22 620 643	21 071 981
Contributions to Post Retirement Benefits Provision	10 386 847	13 877 735
Contributions to Long Service Bonus Provision	1 406 119	1 294 030
Contributions to Leave Gratuity Provision	3 166 703	1 869 047
Travel, motor car, accommodation, subsistence & other allowances	9 795 887	9 086 802
Housing benefits & allowances	892 131	1 006 290
Overtime payments	8 382 409	8 176 715
Executive packages	6 772 318	6 946 493
Less: Employee costs capitalised and to other operating maintenance	(878 839)	(929 735)
Total employee-related costs	160 539 586	153 957 930

REMUNERATION OF KEY MANAGEMENT PERSONNEL:

Remuneration of the Municipal Manager

Annual remuneration	943 008	799 438
Performance bonuses	174 481	160 842
Car allowance	132 000	132 000
Contributions to UIF, Medical & Pension Funds	171 239	154 431
Group Insurance	-	-
Industrial Council	49	45
Total	1 420 777	1 246 756

Remuneration of the Chief Financial Officer

Annual remuneration	793 748	656 599
Performance bonuses	153 088	134 400
Car allowance	48 000	64 000
Contributions to UIF, Medical & Pension Funds	160 016	168 732
Group Insurance	6 624	6 624
Industrial Council	49	45
Total	1 161 525	1 030 400

Remuneration of individual executive 30 June 2011	<u>Technical Services</u>	<u>Electricity Services</u>	<u>Dev planning & Housing</u>	<u>Corporate Services</u>	<u>Community Services</u>
Annual remuneration	53 261	746 723	858 703	583 953	654 254
Performance bonuses	-	143 109	126 504	118 072	132 372
Acting allowance	-	-	-	-	-
Car allowance	9 493	102 000	-	120 000	108 000
Contributions to UIF, Medical & Pension Func	13 464	159 068	44 847	133 923	113 553
Group Insurance	1 219	6 624	-	5 447	6 624
Industrial Council	4	49	49	49	49
Total	77 440	1 157 573	1 030 104	961 444	1 014 852

Remuneration of individual executive 30 June 2010	<u>Technical Services</u>	<u>Electricity Services</u>	<u>Dev planning & Housing</u>	<u>Corporate Services</u>	<u>Community Services</u>
Annual remuneration	562 358	600 568	789 402	527 484	584 363
Performance bonuses	119 928	119 928	116 615	108 842	122 023
Acting allowance	-	-	-	-	-
Car allowance	106 792	102 000	-	120 000	108 000
Contributions to UIF, Medical & Pension Func	146 865	141 851	43 513	124 468	102 440
Group Insurance	14 175	6 624	-	5 447	6 624
Industrial Council	45	45	45	45	45
Total	950 164	971 016	949 575	886 286	923 495

30. REMUNERATION OF COUNCILLORS

	2011	2010
	R	R
Executive Mayor	541 677	517 814
Executive Deputy Mayor	437 374	417 670
Speaker	428 275	402 644
Mayoral Committee members	1 319 662	1 177 903
Councillors	3 038 049	2 801 537
Councillors' pension contributions	419 862	406 566
Councillors' medical contributions	48 960	44 496
Travel Cost in Excess of 500km	1 049	12 499
Total Councillors' remuneration	6 234 907	5 781 129

In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers in their offices or at their homes. Ward Committee members are equipped with cellphones for communication purposes.

Certification by Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager

31. IMPAIRMENT COSTS

Contribution to Provision for Impairment:

	17 716 874	12 513 624
- Rates	1 259 071	794 042
- Electricity	444 707	464 259
- Water	4 125 198	2 153 026
- Refuse	1 300 059	772 398
- Sewerage	6 276 163	3 473 972
- Collection fees	1 417 584	1 087 074
- Housing Installments	-	139 677
- Housing rentals	-	13 200
- Land sales	-	-
- Sundry Debtors	183 225	95 124
- Long-term receivables	-	-
- Other receivables	2 710 867	3 520 851
Bad Debts : Services	-	-
Total impairment costs	17 716 874	12 513 624

32. DEPRECIATION AND AMORTISATION EXPENSE

	2011	2010
	R	R
<u>Depreciation:</u>		
Property, Plant and Equipment	31 841 659	25 732 514
<u>Amortisation:</u>		
Intangible Assets	13 284	154 471
Total Depreciation and Amortisation costs	31 854 943	25 886 985

33. INTEREST PAID

Finance Leases	286 159	556 045
Other Long-term Liabilities	99 277	107 456
Current Deposit / Grants	310 028	331 200
Total interest	695 464	994 701

34. BULK PURCHASES

Electricity	125 374 428	100 033 541
Water	16 581 088	5 469 149
Total bulk purchases	141 955 515	105 502 690

Bulk purchases are the cost of commodities not generated by the municipality, but which the municipality distributes to consumers. The municipality purchases electricity in bulk from Eskom and then redistributes it to consumers. The municipality has some of its own water sources, but also purchases water in bulk from the Department of Water Affairs and Forestry.

35. CONTRACTED SERVICES

Account Print	430 302	350 678
AMR System	271 300	303 630
Cash Transit	186 889	-
Cleansing Services	2 080 776	2 360 124
Cut of Grass	3 875 403	4 516 820
Gardening Services	64 022	78 238
Info System Maintenance	184 542	160 678
Internal Auditors	815 464	540 215
Life Saving	889 345	876 431
Meter Readings	911 735	726 980
Prepaid System	4 062 861	4 110 486
Refuse Recycling	80 525	87 845
Refuse Removal	3 163 944	2 733 337
Reverse Osmosis Plant	2 499 734	-
Sanitation Services	1 021 921	725 630
Security Services	1 246 669	926 502
Transport Co.	137 597	553 203
Additional Valuations	241 510	259 471
Washing Linen	36 595	28 422
Concessionary Fees- Indigent	145 272	156 891
Total Contracted services	22 346 405	19 495 580

36. GRANTS AND SUBSIDIES PAID

Grant in Aid (Assessment Rates)	-	-
Grant in Aid (Services)	2 243 596	1 806 263
Subsidy: Benefit Discount Scheme	330 864	343 708
SPCA	536 839	387 532
Other Donations	23 000	135 000
Total grants & subsidies	3 134 299	2 672 503

Other Donations:

During 2009/10 Other Donations were made to the amount of R135 000, whereas an amount of R23 000 was donated during 2010/11. These Other Donations includes contributions to NSRI, Child Welfare SA, Heart to Heart Care, Rotary Club of Mossel Bay, etc.

37. GENERAL EXPENSES

	2011	2010
	R	R
Audit Fees - External Auditors	2 552 686	2 550 859
Bank Charges	2 005 560	1 757 705
Conferences & Seminars	47 017	32 770
Consultant Fees	1 695 999	1 820 227
Contract Work	3 997 160	2 845 425
Contributions to Alien Vegetation Provision	-	-
Contributions to Rehabilitation of Landfill sites Provision	3 439 076	532 584
Desalination Plant	63 855 343	-
Entertainment - Public	38 963	16 697
Fuel & Oil	4 216 197	3 806 415
Hire Charges	102 003	38 475
Housing: Top Structures	21 340 779	15 805 511
Industrial & Tourism - Sect. 21 Co	2 605 518	2 489 547
Insurance	2 144 653	1 803 394
Inventory Items	372 527	309 902
Houses for resale-Written off	699 630	1 051 647
Lease Charges	977 342	958 503
Legal Costs	1 429 215	963 578
Levy - Bargaining Council	39 143	36 158
Levy - Skills Development (SETA)	1 226 680	1 109 193
Levy - Water : DWAF	280 620	380 605
Levy-Water Catchmt Man:DWAF	538 463	869 022
Licence Fees	298 246	321 192
Materials and Stores	7 872 889	8 333 636
Public Functions	172 971	141 076
Refuse Tip Site - External	2 006 864	1 896 536
Relief / Charitable Expenses	76 456	76 501
Transfer to Equitable Share	26 010 870	20 759 262
Telephones and Communications	1 374 545	1 662 904
Travelling & Subsistence	434 672	353 624
Water Rural Areas	117 590	282 839
Other	11 368 170	10 562 319
Less:	(718 896)	(889 265)
Stores handling charges	-	(359 478)
Vehicle and Equipment Recoveries	(264)	(14 586)
Departmental Costs	-	-
Recoverable Expenditure	(718 632)	(515 201)
	162 618 950	82 678 842

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility. In accordance with this agreement, Mossel Bay Municipality will invoice PetroSA for its share of the reconciled, agreed amounts due and payable. The above Desalination Plant expenditure amount of R63 855 343 is for PetroSA's portion of the payment to approved contractors, consultants and/or other service providers under cover of appropriate invoices.

38. FAIR VALUE ADJUSTMENTSInvestment property:

- Fair Value adjusted downwards	-	186 421 240
- Fair Value adjusted upwards	-	(97 661 960)
Total Fair Value adjustments	-	88 759 280

39. PRIOR YEAR ADJUSTMENTS**39.1 Study loan payment correction (Refer Note 17 - Study Loans)**

During the 2009/10 financial year, a study loan payment of R474 was incorrectly debited to the Statement of Financial performance and not through the balance sheet account. Refer to Checque 169001 dated 18 February 2010.

Changes to Notes to Annual Financial Statements:Long-term receivables - Study Loans (Note 17)

Balance at 30 June 2010 on 2009/10 Financial Statements	165 724
Correction study loan payment	474
Restated balance of Study Loans under Long-term receivables as at 30 June 2010	166 198

The Long-term Receivables and the Accumulated surplus for 2009/10 is adjusted accordingly.

39.2 Sundry Debtors (Refer Note 19 - Other)**2011**
R**2010**
R

An amount for the Yacht Club was incorrectly raised on a debtor account (Acc nr 99-09999-801) during the 2009/10 financial year. This correction was done after receipt of notice to reverse entry from the Rates Department of the Municipality.

Changes to Notes to Annual Financial Statements:Receivables from Exchange transactions - Other (Note 19)

Balance at 30 June 2010 on 2009/10 Financial Statements

1 148 675

Correction to Sundry Debtors

(4 174)

Restated balance of Other under receivables from Exchange transactions as at 30 June 2009

1 144 502

The Receivables from Exchange transactions and the Accumulated surplus for 2009/10 is adjusted accordingly.

39.3 Maintenance materials (Refer Note 18 - Inventory)

During the year maintenance material located at stores was taken up as inventory.

Changes to Notes to Annual Financial Statements:Inventory (Note 18)

Balance at 30 June 2010 on 2009/10 Financial Statements

12 018 074

Correction to Sundry Debtors

329 468

Restated balance of Inventory as at 30 June 2010

12 347 542

The Inventory and the Accumulated surplus for 2009/10 is adjusted accordingly.

39.4 Deposits : Other bodies (Refer Note 21 - Investments)

Group Scheme funds of employees that is paid over to the Municipality are invested in the name of the employee in Money market funds. These transactions were previously not put through the municipality's balance sheet.

Changes to Notes to Annual Financial Statements:Investments (Note 21)

Balance at 30 June 2009 on 2009/10 Financial Statements

-

Long-term Deposits : Other bodies

310 088

Payment to other bodies

(310 088)

Restated balance of Investments as at 30 June 2009

-

Balance at 30 June 2010 on 2009/10 Financial Statements

-

Long-term Deposits : Other bodies

928 000

Payment to other bodies

(928 000)

Restated balance of Investments as at 30 June 2010

-

These transactions was recognised as a long-term deposit and as a creditor payment for the 2008/09 and 2009/10 financial years. The net effect of this correction is NIL, it therefor has no impact on the Municipality's Statement of Financial Position.

39.5 SUMMARY OF CHANGES TO STATEMENT OF FINANCIAL POSITION:

During the year various prior year adjustments was made to the Statement of Financial Position. The following is a summary of all the movements in the prior year balances:

Changes to Net assets and Liabilities:

Balance as at 30 June 2010 (as stated in the 2009/10 Annual Financial Statements):

2011	2010
R	R
	1674 879 468

Net assets:

Accumulated surplus / (deficit)

325 768

325 768

Non-current Liabilities:

-

Current Liabilities:

-

Restated balance of Net assets and Liabilities as at 30 June 2010

1675 205 237

Changes to Assets:

Balance as at 30 June 2010 (as stated in the 2009/10 Annual Financial Statements):

1674 879 468

Non-current Assets:

Long-term Receivables (Refer note 39.1)

474

474

Current Assets:

Inventory (Refer note 39.3)

325 294

329 468

Receivables from Exchange transactions (Refer note 39.2)

(4 174)

Restated balance of Assets as at 30 June 2010

1675 205 237

39.6 SUMMARY OF CHANGES TO STATEMENT OF FINANCIAL PERFORMANCE:

During the year various prior year adjustments was made to the Statement of Financial Performance. The following is a summary of all the movements in the prior year balances:

Surplus for the year (as stated in 2009/10 Annual Financial Statements):

(5, 697,542)

Revenue adjustments:

-

Expenditure adjustments:

-

Restated Surplus for the year

(5 697 542)

39.7 SUMMARY OF CHANGES TO STATEMENT OF CHANGES IN NET ASSETS:

During the year various prior year adjustments was made to the Statement of Changes in Net Assets. The following is a summary of all the movements in the prior year balances for the Accumulated Surplus, Capital Replacement Reserve and the Housing Development Fund:

Changes to Accumulated Surplus:

Balance as at 30 June 2010 (as stated in the 2009/10 Annual Financial Statements):

1387 396 515

Long-term Receivables (Refer note 39.1)

474

Receivables from Exchange transactions (Refer note 39.2)

(4 174)

Inventory (Refer note 39.3)

329 468

Restated balance of Accumulated Surplus as at 30 June 2010

1387 722 284

Changes to Capital Replacement Reserve:

Balance as at 30 June 2010 (as stated in the 2009/10 Annual Financial Statements):

74 208 578

Restated balance of Capital Replacement Reserve as at 30 June 2010

74 208 578

Changes to Housing Development Fund:

Balance as at 30 June 2010 (as stated in the 2009/10 Annual Financial Statements):

8 482 344

Restated balance of Housing Development Fund as at 30 June 2010

8 482 344

40. CHANGE IN ACCOUNTING POLICY

No adjustments due to changes in the accounting policy occurred during the current financial year.

41. CHANGE IN ACCOUNTING ESTIMATES**41.1 Changes in Useful lives (Refer Note 14 - PPE)**

Changes in useful lives occurred during the financial year under review. The impact of the change in useful lives were as follow:

Depreciation decreased as follows:

Buildings	(95 795)
Infrastructure assets	(502 104)
Community assets	(23 823)
Other assets	(62 717)
	(684 439)

42. RESTATEMENT OF COMPARATIVE INFORMATION**42.1 Finance leases (Refer Note 4)**

The Finance lease liability was previously recognised under Long-term liabilities. The Finance lease liability is now shown under its own note to the Annual Financial Statements. The effect of the restatement is summarised below:

Changes to Notes to Annual Financial Statements:**Other Long-term Liabilities (Note 5)**

Balance at 30 June 2010 on 2009/10 Financial Statements of Long-term Liabilities

Finance leases reclassified

Restated balance of Long-term Receivables as at 30 June 2010

2011
R

2010
R

2 095 799

(1 522 491)

573 308

The balances of Other Long-term Liabilities and Finance Leases in the Statement of Financial Position has been adjusted accordingly.

42.2 Fair Value adjustments (Refer Note 38)

The upward and downward fair value adjustments on Investment property have been reclassified under a new note to the Annual Financial Statements. The upward adjustment was previously recognised under Other Income (note 27) and the downward adjustment was recognised under General Expenses (note 37). The effect of the restatement is summarised below:

Changes to Notes to Annual Financial Statements:**Other Income (Note 27)**

Balance at 30 June 2010 on 2009/10 Financial Statements

Fair value adjustment reclassified

Restated balance of Other Income as at 30 June 2010

124 885 416

(97 661 960)

27 223 456

General Expenses (Note 37)

Balance at 30 June 2010 on 2009/10 Financial Statements

Fair value adjustment reclassified

Restated balance of General Expenses as at 30 June 2010

269 100 082

(186 421 240)

82 678 842

The balances of Other Income, General Expenses and Fair Value Adjustments in the Statement of Financial Performance has been adjusted accordingly.

43. COMPARISON WITH BUDGET**Reconciliation of budget surplus/deficit with the surplus/deficit in the Statement of Financial Performance:**

Net surplus/deficit per the statement of financial performance 139 077 595

Adjusted for:

- Actuarial Loss 3 715 119

- Actuarial Gains -

- Fair Value Adjustment -

- Reduction in carrying amount of provisions (159 390)

Net surplus/deficit after adjustments **142 633 324**

Net surplus/deficit as per approved budget **146 129 114**

Variance to be explained (refer to Annexure E2 for detail) **3 495 790**

44. CASH GENERATED BY OPERATIONS

	2011 R	2010 R
Surplus / (Deficit) for the year	139 077 595	(5 697 542)
Adjustment for:		
Depreciation and Amortisation	31 854 943	25 886 985
Depreciation - Previous year adjustment		
Gain and loss on disposal of property, plant and equipment	775 569	(9 546 790)
Fair Value adjustment	-	88 759 280
Contributions to provisions (non-current)	9 557 746	6 483 727
Contributions to provisions (current)	4 100 569	2 817 006
Actuarial loss	3 715 119	5 340 126
Actuarial gains	-	(83 859)
Contributions to bad debt provision	17 674 278	11 324 190
Bad Debts written off	(12 414 419)	(10 135 596)
Investment Income	(12 313 562)	(18 842 230)
Interest on Unamortised discounts	-	(510)
Operating Lease Income	3 417	(609)
Operating Lease Expenses	(59 916)	31 721
Interest paid	695 464	994 701
Operating surplus before working capital changes:	182 666 803	97 330 602
(Increase) / Decrease in inventories	(1 965 398)	(811 348)
(Increase) / Decrease in receivables from exchange transactions	(4 736 397)	(3 585 079)
(Increase) / Decrease in receivables from non-exchange transactions	12 554 355	(22 760 333)
(Decrease) / Increase in unspent conditional grants & receipts	10 233 601	(608 309)
Increase / (Decrease) in VAT payable/receivable	(5 280 885)	(10 770)
Increase / (Decrease) in Payables from exchange transactions	14 720 608	23 175 266
Cash generated by operations	208 192 686	92 730 029

45. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Finance lease liability (see note 4)	1 515 059	3 046 290
Other Long-term liabilities (see note 5)	662 125	730 504
Used to finance PPE - at cost	-	-
Sub-total	2 177 184	3 776 793

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See note 22).

46. UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE**46.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by council or condoned	-	-
Transfer to receivables for recovery (note 20)	-	-
Unauthorised expenditure awaiting authorisation	-	-

46.2 Fruitless & wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	1 767
Condoned or written off by Council	-	(1 767)
To be recovered - contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-

2011

Incident	Disciplinary steps/criminal proceedings
None	

2010

Incident	Disciplinary steps/criminal proceedings
Late cancellation of accommodation - SALGA Workshop could not be attended due to illness R 520	Council decision to write off expenditure
Leave application forms for dismissed employee received late. Leave days owed to Council = 6 days R 1,247	Council decision to write off expenditure

46.3 Irregular expenditure

	2011 R	2010 R
Reconciliation of irregular expenditure		
Opening balance	-	-
Irregular expenditure current year	-	-
Recovered	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	-	-

47. ADDITIONAL DISCLOSURES i.t.o THE MFMA**47.1 Contributions to SALGA**

Opening balance	-	-
Council subscriptions	828 425	487 037
Amount paid - current year	(828 425)	(487 037)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

47.2 Audit fees**External Audit Fees**

Opening balance	(5 731)	-
Current year audit fee	2 558 417	2 550 859
Amount paid - current year	(2 552 686)	(2 556 590)
Amount paid - previous years	-	-
Balance recoverable (included in Payables from exchange transactions)	-	(5 731)

Internal Audit Fees

Opening balance	-	-
Current year audit fee	815 464	540 215
Amount paid - current year	(815 464)	(540 215)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

47.3 VAT

Vat payable / (receivable)	(2 966 366)	2 314 520
----------------------------	-------------	-----------

VAT inputs receivables and VAT outputs payable are shown in Note 13.
All VAT returns have been submitted by the due date throughout the year.

47.4 PAYE and UIF

Opening balance	(2,762)	40
Current year payroll deductions	20 622 088	17 094 864
Amount paid - current year	(20 619 326)	(17 097 665)
Amount paid - previous years	-	-
Balance recoverable (included in Payables from exchange transactions)	(0)	(2 762)

47.5 Pension, Provident and medical aid contributions, Group insurance

Opening balance	-	-
Current year payroll deductions and council contributions	36 951 145	34 188 019
Amount paid - current year	(36 951 145)	(34 188 019)
Amount paid - previous years	-	-
Balance unpaid (included in Payables from exchange transactions)	-	-

47.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding as at 30 June for more than 90 days:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
30 June 2011			
None	-	-	-
Total Councillor Arrear Consumer Accounts	-	-	-
30 June 2010			
R Skombingo	4,734	1,289	3,445
Total Councillor Arrear Consumer Accounts	4 734	1 289	3 445

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Month	Highest Amount Outstanding R	Ageing
1 July 2010 to 30 June 2011			
S Moodie	September 2010	86	90+ days
R Skombingo	November 2010	1 180	90+ days
J Booyens	September 2010	51	90+ days
SA Mapisa	August 2010	260	90+ days
VB Jacobs	April 2011	202	90+ days
1 July 2009 to 30 June 2010			
S Moodie	December 2010	222	90+ days
R Skombingo	June 2010	3 445	90+ days
J Booyens	December 2010	787	90+ days

47.7 Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

CLOSED QUOTATIONS / TENDERS:

MONTH	R0 - R20 000	R20 001 - R50 000	R50 001 - R100 000	R100 001 - R200 000	Above R200 000
July 2010	155 297	192 232	188 829	-	1 072 950
Aug 2010	394 482	427 028	110 569	-	1 331 586
Sep 2010	188 423	199 487	136 242	657 873	-
Oct 2010	179 354	76 442	-	359 582	-
Nov 2010	272 745	162 573	151 685	-	-
Dec 2010	232 640	137 855	302 559	284 248	-
Jan 2011	272 897	136 136	330 868	-	-
Feb 2011	255 775	152 421	158 372	168 956	-
Mar 2011	260 341	247 649	146 000	114 107	-
Apr 2011	216 556	142 015	194 950	323 458	570 000
May 2011	188 294	198 792	252 260	123 882	-
Jun 2011	218 145	104 726	-	687 780	-
Grand Total	2 834 949	2 177 356	1 972 333	2 719 885	2 974 536

The above-mentioned deviations from the Supply Chain Management processes has been condoned in terms of the approved Supply Chain Management Policy.

47.8 LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS

Levy Department of Water Affairs and Forestry : Water
 Levy Department of Water Affairs and Forestry : Water Catchment Management
 Skills Development Levy
 Levy Bargaining Council

2011 R	2010 R
280 620	380 605
538 463	869 022
1 226 680	1 109 193
39 143	36 158

47.9 MATERIAL LOSSES

Electricity distribution losses

- Units purchased (kWh)	285,600,053	287,022,603
- Units lost during distribution (kWh)	17,485,110	21,524,773
- Percentage lost during distribution	6.12%	7.5%

Water distribution losses

- Mega litres purified	5,302	6,471
- Mega litres lost during distribution	839	1,395
- Percentage lost during distribution	15.83%	21.56%

48. CONTRACTUAL COMMITMENTS

Commitments in respect of capital expenditure:

-approved and contracted for	14 375 000	37 232 300
Infrastructure	11 535 000	35 862 300
Community	1 060 000	670 000
Other	1 780 000	700 000

This expenditure will be financed from:

-Finance leases	-	-
-Capital replacement reserve	12 575 000	14 040 000
-Government grants	1 800 000	23 192 300
-Public contributions / donations	-	-
	14 375 000	37 232 300

49. RELATED PARTIES

Parties are considered to be related if:

- One party has the ability to control the other party or
- Exercise significant influence over the other party in making financial and operating decisions.

49.1 Related Party Transactions

Year ended 30 June 2011

	Rates and service charges	Outstanding balances
	R	R
Councillors	154 043	-
Municipal Manager and Section 57 Personnel	65 657	-
Municipal Entities	-	-

Year ended 30 June 2010

Councillors	132 192	-
Municipal Manager and Section 57 Personnel	57 768	-
Municipal Entities	-	-

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

49.2 Joint Venture - Jointly controlled asset

Mossel Bay Municipality has an agreement with PetroSA for the funding and construction of a jointly-owned 15 Mega litres per day Seawater Desalination facility.

The municipality accounts for its share of the jointly controlled assets, any liabilities it has incurred, its share of any liabilities jointly incurred with other venturers, income from the sale or use of its share of the joint venture's output, together with its share of the expenses incurred by the joint venture, and any expenses it incurs in relation to its interest in the joint venture.

Refer to notes 14, 28.3 and 37 for more detail on these transactions.

49.3 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

49.4 Compensation of key management personnel

The compensation of key management personnel is set out in note 29.

49.5 Other related party transactions

The following are awards above R2 000 made either to persons in the service of the state or to spouses, children or parents of anybody in the service of the state.

QUOTATIONS:

QUOTATION	AWARDED TO	TOTAL	RELATION
Building of new cover slab for existing septic tank	Marracon (Pty) Ltd	R3 756	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Impounding of livestock and Demolishing of illegal structures	Steph Peterson Holdings	R10 300	The wife of Mr Peterson (the owner of Steph Peterson Holdings) is an employee at Mossel Bay Municipality.
Supply of Printer cartridges	Cartridge Warehouse	R161 572	The owner of Cartridge Warehouse is the son of an employee at Mossel Bay Municipality.
Installation of cupboard	Fixit	R8 674	The owner of Fixit is the father of an employee at Mossel Bay Municipality.
Assessment and Training of Youth in Basic Computer Literacy	Leanco Business Services and Training Centre CC	R38 000	The owner of Leanco Business Services and Training Centre CC is married to a councillor at George Municipality.
Repairing of potholes	Dada Civils	R199 903	Family member of the owner is an employee at the Department of Correctional Services.

TENDERS:

TENDER	DATE	AWARDED TO	AMOUNT	RELATION
Tender 16/2010: Annual tender for the supply and delivery of bricks, sand, gravel and stone	31/05/2010	Marracon (Pty) Ltd	Various rates	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tender 19/2010: Delivery and hire of machines and trucks	14/06/2010	Marracon (Pty) Ltd	Various rates	The owners of Marracon (Pty) Ltd are the sons of the Executive Mayor of Mossel Bay Municipality.
Tender 54/2010: Supply, delivery and installation of a new high volume copier machine	05/07/2010	Nashua George	R348 708	The CFO's wife is a Councillor at George Municipality.
Tender 52/2010: The execution of a general valuation and the first supplementary valuation after the general valuation of all properties in the jurisdiction area of the Mossel Bay Municipality	02/08/2010	Abathathu Valuers CC	Various rates	Valuer for Mossel Bay Municipality's cousin is a member of the Closed Corporation.
Tender 66/2010: Reconstruction of Bonanza Street, Kwanonqaba, Mossel Bay	18/10/2010	Dada Civils JV	R427 536	Mabungwe Sivieli, Member of Dada JV, declared a spouse and father of a member that is employed by Correctional Services
Tender 75/2010: Rehabilitation of Sewerages: Kwanonqaba	29/11/2010	Mabungwe Civil Contractors	R773 430	A member declared that their spouse is employed by correctional Services
Tender 79/2010: Upgrading of Barnard Avenue, Kwanonqaba, Mossel Bay	20/12/2010	Dada Civils JV	R676 729	AP Nel, member of Dada Civils JV, declared that his spouse is employed by Correctional Services. GA Fillies, member of Dada Civils JV, declared that his father is employed by Correctional Services.
Tender 83/2010: Rehabilitation of Montagu Street, Mossel Bay (Phase 2 A)	14/02/2011	Dada Civils JV	R1 226 199	AP Nel, member of Dada Civils JV, declared that his spouse is employed by Correctional Services. GA Fillies, member of Dada Civils JV, declared that his father is employed by Correctional Services.
Tender 88/2010: Supply, installation and commissioning of low voltage panels, complete with variable speed drivers: Omega pump	21/02/2011	Spamandla Service Electrical JV	R137 761	V De Lange, member of the joint venture, declared that his spouse is employed at SARS, Port Elizabeth.
Tender 3/2011: Asazani/Zinyoka: New Bulk Sewer System: Construction of a sewer pump station	22/03/2011	Dada Civils JV	R1 958 066	AP Nel, member of Dada Civils JV, declared that his spouse is employed by Correctional Services. GA Fillies, member of Dada Civils JV, declared that his father is employed by Correctional Services.
Tender 42/2011: Deforestation	13/06/2011	Steph Petersen Holdings	R3,50 per m ²	Steph Petersen, owner of Steph Petersen Holdings, declared his wife is in the service of Mossel Bay Municipality.

Alderlady M Ferreira (Executive Mayor) do not have any shareholding or interest in Marracon (Pty) Ltd as per the above awards.

The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

50. FINANCIAL RISK MANAGEMENT

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. This comprises three types of risks, which is currency risk, interest rate risk and other prices risk.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the executive mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are cut immediately.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market).

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

The maximum credit and interest rate risk exposure in respect of relevant financial instruments is as follows:

Description of type of financial instrument	2011 R	2010 R
Long term receivables	3 374 766	3 659 091
Receivables from Exchange transactions	55 630 668	50 894 272
Other Receivables from Non-Exchange transactions	26 824 618	43 170 071
Cash and Cash Equivalents	164 174 599	178 743 268
Maximum credit and interest rate risk exposure	250 004 651	276 466 701

51. FINANCIAL INSTRUMENTS

In accordance with the principles of GRAP 104 the financial instruments of the municipality are classified as follows:

SUMMARY OF FINANCIAL ASSETS

Short-term Investment Deposits:

Short-term Investment Deposits	At amortised cost	165 000 000	187 000 000
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Bank Balances and Cash:

Bank Balances	At amortised cost	-	-
Petty cash and advances	At amortised cost	18 660	13 980

Long-term Receivables:

Study Loans	At amortised cost	149 782	166 197
Land Sales Debtors	At amortised cost	29 193	33 158
Public Assistance Loans	At amortised cost	327 577	375 243
Housing Selling Scheme Loans	At amortised cost	2 868 214	3 084 493

Receivables from Exchange transactions:

Service debtors	At amortised cost	37 716 426	34 882 022
Debtback Collections	At amortised cost	14 453	2 308
Land Sales	At amortised cost	4 022	3 539
Housing Instalments	At amortised cost	590 756	588 942
Housing rentals	At amortised cost	238 549	234 450
Sundry Debtors	At amortised cost	766 780	373 021

Other Receivables from Non-Exchange transactions:

Other Receivables from Non-Exchange transactions	At amortised cost	7 870 678	6 807 720
Other Receivables from Non-Exchange transactions	At amortised cost	4 018 485	4 655 571
Other Receivables from Non-Exchange transactions	At amortised cost	-	515 615
Other Receivables from Non-Exchange transactions	At amortised cost	14 935 454	31 191 165

Total Financial Assets

234 549 029	269 927 423
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SUMMARY OF FINANCIAL LIABILITIES

		2011	2010
		R	R
Long term liabilities:			
Local registered stock loans	At amortised cost	495 407	523 887
Annuity loans	At amortised cost	(0)	49 421
Lease liability:			
Finance lease liability	At amortised cost	1 434 035	2 315 412
Payables from exchange transactions:			
Trade and Other Payables	At amortised cost	77 255 867	71 629 786
Unspent conditional grants and receipts:			
Unspent conditional grants and receipts	At amortised cost	23 987 119	13 753 518
Cash and Cash Equivalents:			
Bank Overdraft	At amortised cost	844 061	8 270 712
Current portion of long term liabilities:			
Local registered stock loans	At amortised cost	99 277	80 157
Annuity loans	At amortised cost	67 440	77 039
Current portion of Lease liability:			
Finance lease liability	At amortised cost	81 024	730 878
Total Financial Liabilities		104 264 231	97 430 810

The following methods and assumptions are used to determine the fair value / amortised cost of each class of financial instrument:

Cash and Cash Equivalents

The carrying amount approximates the fair value due to the relatively short-term nature of these financial assets.

Trade and Other receivables / payables

The carrying amount of trade and other receivables (net of provision for impairment) / payables approximates fair value due to the relatively short-term nature of these assets / liabilities.

Long-term Receivables / payables

Subsequent to initial recognition, interest bearing borrowings and receivables are stated at amortised cost. Fixed interest rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market-related interest rates at the reporting date.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the reasonably possible change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite % adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below.

As the entity does not have any instruments that effect net assets directly, the disclosure only indicates the effect of the change in interest rates on surplus. There were no changes in the methods and assumptions used in preparing the sensitivity analysis from one year to the next.

Increase in interest rates

The estimated increase in basis points

	2011	2010
	R	R
Financial Assets	2 345 490	2 699 274
Financial Liabilities	1 042 642	974 308
Net effect on surplus (Financial Assets minus Financial Liabilities)	1 302 848	1 724 966

52. CONTINGENT LIABILITIES / ASSETS

52.1 Contractual disputes

Contractual claims in respect of court cases that are currently in dispute and being addressed through mediation the maximum unforeseen liability is estimated at R6 863 000. One of these claims has been referred to our insurance company for the recovery of R963 000.

52.2 Guarantees of employees housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of housing loans.

This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantees amount to R91 984, and council has a right to recovery.

53. EVENTS AFTER THE REPORTING DATE

- 53.1** Council has taken a decision to take up a loan of a maximum amount of R30 million in the 2011/12 financial year for the financing of the Desalination Plant project. The planned term of the loan is 15 years and the payment terms is bi-annual interest and redemption payments. The municipality has started the process in July 2011 and will follow the procedures as set out in chapter 6 of the Municipal Finance Management Act.

Note 54: Implication of standards approved but not yet effective:

Std. no.	Standard title	Standard requirements	Earlier implementation Y/N	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 6 (Revised)	Consolidated and Separate Financial Statements	Entire standard	N	No significant impact is expected as the Municipality does not participate in such business transactions.
GRAP 7 (Revised)	Investment in Associate	Entire standard	N	No significant impact is expected as the Municipality does not participate in such business transactions.

GRAP 18	Segment reporting	Entire standard	N	<p>The AFS will have to be adjusted to ensure that the disclosure requirements relating to segment information are met.</p> <p>The primary reporting format requires inter alia, disclosure of:</p> <ol style="list-style-type: none"> 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. <p>Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in GRAP 18 will also need to be disclosed in the AFS.</p> <p>Note should be taken of the information disclosed as per Appendix C, D, (E1) and (E2).</p>
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GRAP 24	Presentation of Budget Information in the Financial Statements	Entire Standard	N	<p>The AFS will have to be adjusted to ensure that the disclosure requirements relating to budgeted information are met.</p> <p>Budgeted information is currently disclosed under Appendix (E1) and (E2) and statement of financial performance.</p> <p>A note comparing the budget and the actual surplus/deficit is also included in the Notes to the Annual Financial Statements.</p> <p>Additional disclosure notes should however be disclosed to comply with GRAP 24.</p>
GRAP 25	Employee Benefits	Entire Standard	N	<p>The adjustments will not be material due to the fact that the Municipality already complies with IAS 19 with regards to Employee Benefits.</p>
GRAP 103	Heritage assets	Entire Standard	N	<p>Additional disclosure will be done on all Heritage assets identified.</p>

GRAP 104	Financial Instruments	Entire Standard	N	The adjustments will not be material due to the fact that the Municipality already complies with IAS 32, IAS 39 and IFRS 7 with regards to Financial Instruments.
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APPENDICES

Appendix A: Schedule of External Loans

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011									
External loans	Loan number	Redeemable	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Unamortised discount on loans	Balance at 30 June 2010	Carrying value of PPE	Other costs in accordance with the MFMA
STOCK LOANS			R	R	R		R	R	R
Stock loan @ 15.00%	1/97	2012/12/31	6 891	-	-	(2 402)	4 489	-	-
Stock loan @ 15.00%	2/97	2012/12/31	3 580	-	-	(1 248)	2 332	-	-
Stock loan @ 15.00%	1/99	2013/12/31	3 191	-	-	(675)	2 516	-	-
Stock loan @ 15.00%	2/99	2015/12/31	92 500	-	-	-	92 500	-	-
Stock loan @ 15.00%	2/2000/01	2015/11/01	13 538	-	-	-	13 538	-	-
Stock loan @ 15.00%	1/2000/01	2015/07/20	92 308	-	-	-	92 308	-	-
Stock loan @ 15.00%	4/2000/01	2016/03/01	13 847	-	-	-	13 847	-	-
Stock loan @ 15.00%	1/2001/02	2016/10/01	178 462	-	-	-	178 462	-	-
Stock loan @ 15.00%	2/2001/02	2016/10/01	36 924	-	-	-	36 924	-	-
Stock loan @ 15.00%	1/2002/03	2018/03/07	61 539	-	-	-	61 539	-	-
Stock loan @ 12.00%	2/2003/04	2018/10/31	30 714	-	-	-	30 714	-	-
Stock loan @ 12.00%	1/2003/04	2018/09/18	70 549	-	-	(5 035)	65 515	-	-
Total long-term loans			604 044	-	-	(9 359)	594 685	-	-
ANNUITY LOANS									
Eden District Municipality @ 0.00 -		2009/08/31	-	-	-	-	-	-	-
Eden District Municipality @ 0.00 -		2012/02/28	126 460	-	77 039	18 019	67 440	-	-
Total annuity loans			126 460	-	77 039	18 019	67 440	-	-
TOTAL EXTERNAL LOANS			730 504	-	77 039	8 660	662 125	-	-

Appendix B: Segmental analysis of PPE

SEGMENTAL ANALYSIS OF PPE (PER MUNICIPAL DEPARTMENT)													
30 JUNE 2011													
	Cost					Accumulated depreciation							Carrying value
	Opening balance	Under construction	Additions	Disposals	Closing balance	Opening balance	Additions	Impairment losses	Disposals		Change in Useful lives	Closing balance	
									Depreciation	Impairment losses			
Municipal Manager	4 009 405		17 462	114 011	3 912 856	1 757 737	103 110		123 259	-	(2 169)	1 735 419	2 177 437
Manager Financial Services	4 020 319		1 046 315	310 842	4 755 792	2 303 348	578 421		549 279	-	(12 167)	2 320 323	2 435 469
Manager Technical Services	1 547 063		152 600	249 531	1 450 132	1 038 698	144 201		225 082	-	(3 033)	954 784	495 348
Electricity Administration	1 649 909		2 536 567	102 732	4 083 744	1 155 908	103 531			-	(2 178)	1 257 261	2 826 483
Electricity Distribution	136 538 587	18 256 999	12 352 928	640 221	166 508 293	42 318 622	4 879 963			-	(102 646)	47 095 939	119 412 354
Manager Corporate Services	858 163 675		1 595 507	534 702	859 224 481	33 709 885	2 984 732		332 191	-	(62 782)	36 299 645	822 924 836
Sewerage	104 309 862	16 865 341	7 172 181	332 980	128 014 404	36 085 049	3 851 079		1 659	-	(81 005)	39 853 464	88 160 940
Streets and Stormwater	171 424 922	24 767 641	4 862 238	422 747	200 632 054	49 718 616	7 287 730		457	-	(153 202)	56 852 687	143 779 367
Water	174 561 440	232 039 189	5 860 122	711 214	411 749 537	49 713 518	5 449 091		9 370	-	(114 618)	55 038 621	356 710 916
Cleansing Services	7 007 036		1 893 610	133 943	8 766 703	3 420 031	794 136		217 630	-	(16 704)	3 979 833	4 786 870
Development Planning and Housing	2 855 660	2 594 082	577 102	117 902	5 908 942	1 012 148	2 991 223		162 136	-	(62 918)	3 778 317	2 130 625
Parks, Recreation and Sport Grounds	23 627 355	37 360	1 424 479	371 296	24 717 898	6 652 616	1 429 008		571 392	-	(30 058)	7 480 174	17 237 724
Beaches, Caravan Parks and Chalets	21 614 176		329 618	118 869	21 824 925	11 329 677	170 470		204 392	-	(3 586)	11 292 170	10 532 755
Fire Services	7 011 116		2 795 360	239 967	9 566 509	3 126 183	402 479		328 109	-	(8 466)	3 192 087	6 374 422
Public safety	4 650 849		2 616 682	587 830	6 679 701	1 846 685	908 702		755 032	-	(19 114)	1 981 241	4 698 460
Manager Community Services	11 778 497		990 131	464 639	12 303 989	2 573 662	461 418		442 820	-	(9 706)	2 582 554	9 721 435
TOTAL	1534 769 871	294 560 612	46 222 902	5 453 426	1870 099 960	247 762 383	32 539 294	-	3 922 808	-	(684 349)	275 694 519	1594 405 441

Appendix C: Segmental analysis of Statement of Financial Performance (Mun Dept classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011						
MUNICIPAL DEPARTMENT CLASSIFICATION						
2009	2009	2009	SEGMENT	2010	2010	2010
Actual income	Actual expenditure	Surplus/ (deficit)		Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
135 891 329	234 065 322	(98 173 993)	Municipal Manager & Council	23 526 849	45 289 280	(21 762 432)
1 009 084	19 034 917	(18 025 833)	Manager Corporate Services	1 112 914	20 477 377	(19 364 463)
185 677	2 820 987	(2 635 309)	Socio Economic Plan and Dev	216 879	3 641 596	(3 424 717)
4 576 584	13 061 040	(8 484 457)	Town planning & Building control	3 986 800	13 867 240	(9 880 440)
848 499	4 943 920	(4 095 422)	Libraries	873 985	4 929 906	(4 055 921)
61 063 660	27 576 251	33 487 409	Manager Financial Services	71 906 092	30 591 912	41 314 180
-	4 309 600	(4 309 600)	Manager Technical Services	46 410	4 324 012	(4 277 602)
190 099 315	127 758 676	62 340 639	Electricity	233 580 821	156 251 749	77 329 072
9 411 393	22 554 891	(13 143 498)	Streets and Storm water	7 244 247	20 416 169	(13 171 922)
57 003 669	29 930 396	27 073 272	Sewerage	59 811 259	34 361 137	25 450 122
103 988 970	45 226 882	58 762 089	Water	245 274 517	129 930 775	115 343 743
(382 816)	4 302 210	(4 685 025)	Manager Community Services	45 128	5 179 223	(5 134 095)
5 428 661	6 194 161	(765 500)	Caravan Parks and Chalets	5 607 606	7 011 485	(1 403 880)
137 303	528 676	(391 373)	Cemeteries	170 353	529 129	(358 776)
32 602 716	26 405 022	6 197 694	Cleansing	38 396 350	30 576 394	7 819 956
19 721 608	20 948 314	(1 226 707)	Housing	23 836 468	25 031 102	(1 194 635)
7 024 126	23 742 984	(16 718 858)	Public Safety and Rescue Services	7 929 494	26 630 005	(18 700 511)
432 745	22 225 079	(21 792 335)	Parks and Recreation	21 247	26 190 228	(26 168 981)
629 042 522	635 629 329	(6 586 806)	Sub Total	723 587 418	585 228 720	138 358 698
	889 265	(889 265)	Less inter-dep charges		718 896	(718 896)
629 042 522	634 740 064	(5 697 542)	Total	723 587 418	584 509 823	139 077 595

Appendix D: Segmental analysis of Statement of Financial Performance (GFS classification)

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011						
GFS CLASSIFICATION						
2009	2009	2009	SEGMENT	2010	2010	2010
Actual income	Actual expenditure	Surplus/ (deficit)		Actual income	Actual expenditure	Surplus/ (deficit)
R	R	R		R	R	R
602 986	9 774 806	(9 171 820)	Community & Social Services	1 089 466	10 638 258	(9 548 792)
190 099 315	127 758 676	62 340 639	Electricity	233 580 821	156 251 749	77 329 072
135 891 329	234 381 467	(98 490 137)	Executive & Council	23 716 874	45 707 975	(21 991 100)
62 072 743	50 603 247	11 469 496	Finance & Admin	72 875 390	54 973 153	17 902 237
19 721 608	20 948 314	(1 226 707)	Housing	23 836 468	25 031 102	(1 194 635)
-	1 376	(1 376)	Other	-	1 454	(1 454)
4 762 261	15 882 027	(11 119 766)	Planning and Development	4 203 679	17 508 836	(13 305 157)
7 024 126	23 742 984	(16 718 858)	Public Safety	7 929 494	26 630 005	(18 700 511)
5 301 781	19 343 256	(14 041 475)	Road Transport	7 243 539	14 734 176	(7 490 636)
5 861 406	28 419 241	(22 557 835)	Sport and Recreation	5 628 853	33 201 714	(27 572 861)
32 602 716	26 405 022	6 197 694	Waste Management	38 396 350	30 576 394	7 819 956
61 113 281	33 142 032	27 971 249	Waste Water Management	59 811 967	40 043 131	19 768 836
103 988 970	45 226 882	58 762 089	Water	245 274 517	129 930 775	115 343 743
629 042 522	635 629 329	(6 586 806)	Sub Total	723 587 418	585 228 720	138 358 698
	889 265	(889 265)	Less inter-dep charges		718 896	(718 896)
629 042 522	634 740 064	(5 697 542)	Total	723 587 418	584 509 823	139 077 595

Appendix E (1): Actual VS Budget (Revenue + Expenditure)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011					
REVENUE	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of significant variance greater than 10% versus budget
Property rates	64 540 291	64 646 039	(105 748)	-0.2%	
Property rates - penalties imposed & collection charges	2 072 580	2 125 335	(52 755)	-2.5%	
Service charges	333 503 898	325 512 495	7 991 403	2.5%	
Rental of facilities & equipment	8 629 948	8 957 097	(327 149)	-3.7%	
Interest earned - external investments	11 971 259	11 255 312	715 947	6.4%	
Interest earned - unamortised discount	-	-	-		
Interest earned - outstanding debtors	342 303	341 243	1 060	0.3%	
Fines	3 410 905	3 103 201	307 704	9.9%	
Actuarial gains	-	-	-		
Licences and permits	4 448 112	4 477 114	(29 002)	-0.6%	
Government grants and subsidies	194 332 650	221 610 847	(27 278 197)	-12.3%	The Municipality had unspent grants to the amount of R23 million at year-end.
Other income	29 370 824	46 526 960	(17 156 136)	-36.9%	The budgeted contribution for R9,7 million from the Accumulated Surplus was not necessary seeing as the municipality had an operating surplus for the 2010/11 year. The contributions from External services and Land sales were under by an amount R1 860 895. The budgeted contribution from Transfer Erven was transferred through the Statement of Changes in Net Assets to the amount of R5 498 453.
Public contributions, donated/contributed PPE	70 890 254	86 379 497	(15 489 243)	-17.9%	The municipality budgeted for payments from PetroSA towards the Desalination Plant to the amount of R80 million of which only R63 855 343 has realised. The completion date was extended to September 2011 and the balance was rolled-over to the 2011/12 financial year.
Total Revenue	723 513 024	774 935 140	(51 422 116)	-6.6%	

Appendix E (1): Actual VS Budget (Revenue + Expenditure)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011					
EXPENDITURE	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of significant variance greater than 10% versus budget
Employee-related costs	160 539 586	174 703 130	(14 163 544)	-8.1%	An amount of R2,7 million was provided for the Housing operating account deficit for the 2010/11 year which was not budgeted for. A higher pay percentage for Water and Sanitation services was budgeted for.
Remuneration of Councillors	6 234 907	6 458 786	(223 879)	-3.5%	
Impairment Costs	17 716 874	10 008 079	7 708 795	77.0%	
Collection Costs	4 728 181	4 832 300	(104 119)	-2.2%	
Depreciation	31 841 659	31 612 567	229 092	0.7%	
Amortisation - Intangible Assets	13 284	123 551	(110 267)	-89.2%	Budgeted incorrectly for Amortisation on Intangible assets.
Actuarial loss	3 715 119	-	3 715 119		No actuarial loss was projected in the 2009/10 Actuarial report and the Municipality therefor did not budget for a loss. Also refer to notes 7.1.2 (3), 7.2.2 (3) and 7.3.2 (3) of this financial statements for detail on the actuarial loss.
Repairs and maintenance	28 119 617	37 914 949	(9 795 332)	-25.8%	An amount of R2,3 million was budgeted for Streets resealing funded from Provincial grants. This amount was actually spent on Capital projects and not on the operating budget. The municipality budgeted for an amount of R1 million for the Rehabilitation of River mouths that did not realise. R2,5 million of the funds received for Electricity Efficiency was unspent at 30 June 2011 and will be rolled over to the 2011/12 financial year.
Interest paid	695 464	850 787	(155 323)	-18.3%	Interest on Finance leases over budgeted. The municipality purchased vehicles that was previously on lease.
Bulk purchases	141 955 515	132 395 145	9 560 370	7.2%	The municipality budgeted for expenditure on the Desalination Plant to the amount of R1 350 000 which did not realise due to the Plant being under construction at 30 June 2011. The municipality budgeted for a full year of operational expenditure on the Reverse Osmosis Plant, but only had expenditure for 6 months.
Contracted services	22 346 405	26 798 985	(4 452 580)	-16.6%	
Grants and subsidies paid	3 134 299	3 194 096	(59 797)	-1.9%	An amount of R5,8 million was budgeted for the transfers for Land Sales and Ext. services to the reserves, which was transferred through the Statement of Changes in Net Assets and not through the Statement of Financial Performance. An amount of R3,3 million was provided for a contribution to the CRR in the budget, which was transferred through the Statement of Changes in Net Assets and not as a direct contribution. Expenditure to the amount of R5,3 million for Housing topstructure did not realise. PetroSA's expenditure on the Desalination Plant to the amount of R16,1 million did not realise and will be expensed in the 2011/12 financial year.
General expenses - other	162 618 950	199 837 655	(37 218 705)	-18.6%	
Total Expenditure	583 659 861	628 730 030	(45 070 169)	-7.2%	
Gain on disposal of Property, Plant & Equipment	74 394	32 004	42 390	132.5%	Did not foresee the actual gain during budgeting process.
Loss on disposal of Property, Plant & Equipment	(849 963)	(108 000)	(741 963)	687.0%	Did not foresee the actual loss during budgeting process.
Fair Value Adjustment	-	-	-		
NET SURPLUS/(DEFICIT) FOR THE YEAR	139 077 595	146 129 114	(7 051 519)	-4.8%	

Appendix E (2): Actual VS Budget (Acquisition of PPE)

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2011					
	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of significant variances greater than 5% versus budget
Land and Buildings					Various capital projects are included in each category of Capital acquisitions. Please refer to the report on explanations of significant variances per project, as tabled to Council.
Land	92 023	120 000	27 977	23.31%	
Buildings	818 196	1 386 046	567 850	40.97%	
	910 219	1 506 046	595 827	39.56%	
Infrastructure					
Drains	3 842 431	5 411 698	1 569 267	29.00%	
Roads	20 422 153	22 926 707	2 504 554	10.92%	
Beach improvements	341 662	1 250 000	908 338	72.67%	
Sewerage Mains & Purif	13 785 547	17 204 586	3 419 039	19.87%	
Electricity Mains	11 503 324	12 735 833	1 232 509	9.68%	
Electricity peak load equip	20 201 982	22 614 897	2 412 915	10.67%	
Water mains & purification	142 119 305	150 960 592	8 841 287	5.86%	
Reservoirs - Water	-	-	-		
Water meters	536 363	974 884	438 521	44.98%	
Water mains	6 118 004	5 381 017	(736 987)	-13.70%	
	218 870 771	239 460 214	20 589 443	8.60%	
Community Assets					
Parks & Gardens	177 039	191 753	14 714	7.67%	
Libraries	26 875	29 500	2 625	8.90%	
Recreation grounds	2 301 588	3 465 567	1 163 979	33.59%	
Community buildings	63 415	3 339 543	3 276 128	98.10%	
	2 568 917	7 026 363	4 457 446	63.44%	
Heritage assets					
Historical buildings	-	-	-		
Painting & art galleries	-	-	-		
	-	-	-		
Total carried forward	222 349 907	247 992 623	25 642 716	10.34%	

Appendix E (2): Actual VS Budget (Acquisition of PPE) continued

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2011					
	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanation of significant variances greater than 5% versus budget
Total brought forward	222 349 907	247 992 623	25 642 716	10.34%	Various capital projects are included in each category of Capital acquisitions. Please refer to the report on explanations of significant variances per project, as tabled to Council.
Housing rental stock					
Housing rental 1	-	-	-		
Housing rental 2	-	-	-		
	-	-	-		
Leased assets (Infrastructure)					
Leased assets (Infrastructure)	61 600	480 780	419 180	87.19%	
	61 600	480 780	419 180	87.19%	
Other assets					
Landfill sites	201 972	250 000	48 028	19.21%	
Office equipment	883 572	849 145	(34 427)	-4.05%	
Furniture & fittings	1 348 255	1 500 044	151 789	10.12%	
Bins & containers	149 226	155 046	5 820	3.75%	
Emergency equipment	557 066	639 643	82 577	12.91%	
Motor vehicles	4 278 528	4 336 949	58 421	1.35%	
Fire engines	1 906 800	1 931 800	25 000	1.29%	
Refuse tankers	1 827 862	1 956 950	129 088	6.60%	
Computer equipment	315 586	396 000	80 414	20.31%	
Councillors regalia	-	-	-		
Conservancy tankers	48 772	48 772	0	0.00%	
Watercraft	-	-	-		
	11 517 640	12 064 349	546 709	4.53%	
Non PPE					
Investment Properties	-	-	-		
Intangible Assets	-	-	-		
Agricultural Assets	-	-	-		
	-	-	-		
Total	233 929 147	260 537 752	26 608 605	10.21%	

Appendix F: Disclosure of Grants and Subsidies (According to Section 123 of MFMA)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011												
Name of PROJECT	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held	Total
			Sept	Dec	March	June	Sept	Dec	March	June		
CAPITAL GRANTS & SUBSIDIES												
AZIZANI/ZINYOKA INFRASTRUCTURE	Department of Housing	31,036	1,456,288		3,473,041		298,943	127,849	63,530	286,941		4,183,102
UPGRADE SEWER PLANT- FRIEMERSHEIM	MIG	935,065	200,000	716,000					994,996	788,539		67,530
BUCKET SYSTEM	MIG	22,510										22,510
FRIEMERSHEIM NEW BUS ROUTES	MIG	1,276,185	200,000					26,567	1,285,431	42,935		121,252
ASIZANI/ZINYOKA MAIN ACCESS ROADS	MIG	530,984	1,600,000	1,824,000			1,446,639	767,417	1,150,584	384,233		206,110
EPWP : PAVE GRAVEL ROADS - ALL AREAS	EPWP	(450,448)	200,000	800,000	223,000	674,000			91,702	1,215,290		139,560
GBR: ENLARGE WATER TREATMENT PLANT	MIG		1,352,300	2,705,000	1,295,000		1,150	1,462,853	1,041,229	606,242		2,240,826
WARD COMMITTEES - NEW VEHICLE	MSIG				121,557					121,557		-
WARD COMMITTEES - TRACKER SYSTEM	MSIG				-							-
CDW - FURNITURE, TOOLS & EQUIPMENT	Department of Social Services	68,469								68,469		0
NEW VEHICLE - CDW	Department of Social Services				121,557					121,557		-
CAMI PROJECT - LIBRARIES	MSIG				70,175				70,175			-
SCANNERS	MSIG			25,817				25,817				-
FMG - LAPTOPS INTERNS	FMG		18,530						18,530			-
RE-USE EFFLUENT WATER												
RUITERBOS SPORTFIELD	MIG		216,679	100,000						316,679		0
EXPAND RAW WATER RESOURCES	MIG			9,711,224	288,776		2,670,044	4,462,425	937,205	521,234		1,409,091
EXPAND RAW WATER RESOURCES	Eden District Municipality			1,861,936				1,861,936				-
DESALINATION PLANT	DWAF				92,000,000		6,069,132	55,651,891	30,278,977			-
FRIEMERSHEIM INFRASTRUCTURE	Department of Housing			1,691,750	3,850,650	406,800			800,184	3,837,111		1,311,906
KIEWIET STREET	Department of Housing				500,000					647,655	147,655	-
POWERTOWN EHS	Department of Housing	142,011										142,011
MULTI-PURPOSE CENTRE - KWANONQABA	Department of Social Development	3,141,043				1,638,073						4,779,116
ENERGY EFFICIENCY & DEMAND SIDE MANAGEMENT	DME	5,960,096					4,532,739	1,321,803	105,554			0
ELECTRIFICATION PROJECTS	NER	(65,167)	930,000	3,746,000	2,824,000		914,796	1,719,625	2,088,978	1,773,034		938,400
TOTAL CAPITAL GRANTS		11,591,784	6,173,797	23,181,727	104,767,756	2,718,873	15,933,443	67,428,184	38,927,076	10,731,475	147,655	15,561,414

Appendix F: Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011												
Name of PROJECT	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held	Total
			Sept	Dec	March	June	Sept	Dec	March	June		
OPERATIONAL GRANTS & SUBSIDIES												
GBR/WOLWEDANS PROJECT (TOPSTRUCTURES)	Department of Housing	911,803	5,614,635	4,597,209	7,521,619	2,101,215	4,989,293	4,961,770	4,676,815	5,233,055		885,548
LGWSETA SKILLS DEVELOPMENT	SETA	69,923	94,886		260,084		93,841	328,447	124,795	315,675	437,865	-
FINANCE MANAGEMENT GRANT	NATIONAL	150,715	981,470				267,193	136,845	146,882	576,770		4,495
EQUITABLE SHARE	NATIONAL		14,263,582	11,411,000	8,558,149		6,228,542	7,698,230	8,555,508	11,750,450		0
SUBSIDY NEWS LETTERS - M-Bay	PAWC - Culture Affairs & Sport			749	768	3,617	1,298	470	964	2,402		-
SUBSIDY NEWS LETTERS - D'Almeida	PAWC - Culture Affairs & Sport			840	848	1,686	566	839	844	1,125		(0)
SUBSIDY NEWS LETTERS - G/Brak	PAWC - Culture Affairs & Sport			716		1,094	716		574	520		0
SUBSIDY NEWS LETTERS - Greenhaven	PAWC - Culture Affairs & Sport			716		1,018	424	292	574	444		0
SUBSIDY NEWS LETTERS - Hartenbos	PAWC - Culture Affairs & Sport			437	323	503	328	213	500	222		0
SUBSIDY NEWS LETTERS - Kwanonqaba	PAWC - Culture Affairs & Sport			840	848	1,777	566	923	851	1,125		-
SUBSIDY POSTAGE - MOSSEL BAY	PAWC - Culture Affairs & Sport					3,873				3,873		-
HOME OWNERS EDUCATION	Department of Housing	33,292				548	9,126	12,530	1,600	6,300		4,284
PROVINCIAL MANAGEMENT SUPPORT GRANT	PAWC	2,268					2,268					0
COMMUNITY DEVELOPMENT WORKERS	Department of Social Services	46,548		3,443		5,671	841	1,286	2,106	2,315		49,113
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	NATIONAL	124,927	602,626				82,817	105,604	228,681	264,142		46,309
REPAIR WATER LEAKAGES	Masibambani	89,185					58,728	30,456				(0)
INTEGRATION RURAL SETTLEMENTS	Department of Housing		163,680	40,920			144,939	36,235				23,426
TEMPORARY CASUAL STAFF - LIBRARIES	PAWC - Culture Affairs & Sport		320,400	240,400	170,025		147,313	148,445	142,220	292,846		-
OPERATING BALANCE PAWC	Department of Housing					2,710,867				2,710,867		-
ROADS BRANDWACHT	PAWC				1,803,000	22,176				208,912		1,616,264
ENERGY EFFICIENCY & DEMAND SIDE MANAGEMENT	DME	184,294		5,000,000	1,000,000				127,468	2,301,597		3,755,229
TOTAL OPERATING GRANTS		1,612,955	22,041,279	21,297,269	19,315,663	4,854,045	12,028,800	13,462,586	14,010,383	23,672,639	437,865	6,384,668

Appendix F: Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011												
Name of PROJECT	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
PUBLIC CONTRIBUTIONS & DONATED PPE												
S/W HARTENBOS STATION & SURROUNDING AREAS	PETROSA					2,496,327				2,496,327		-
DESALINATION PLANT	PETROSA		3,699,070	32,551,259	15,573,517	7,398,355	3,932,669	32,317,659	15,573,517	12,031,497	4,633,142	-
REBUILD TAR ROADS : MAYIXHALE STREET	PETROSA					666,667				515,465		151,202
AMY SEARLE CHANNEL	PETROSA					666,667				85,280		581,387
DONATED COMPUTERS	Public Contribution					20,000				20,000		-
CAMI PROJECT - LIBRARIES	Public Contribution					10,000				10,000		-
RELIEF CHARITABLE FUND	Public Contribution	33,164	50,000		38,000	50,000	35,045	11,460	11,891	18,060		94,708
YOUTH DAY DONATIONS	PETROSA					20,000				20,000		-
DEFORESTATION	PETROSA					833,333				286,260		547,074
REHABILITATION OF RIVER MOUTHS	PETROSA					666,667						666,667
TOTAL PUBLIC CONTR. & DONATED PPE		33,164	3,749,070	32,551,259	15,611,517	12,828,015	3,967,714	32,329,119	15,585,408	15,482,889	4,633,142	2,041,037

TOTAL GRANTS, SUBSIDIES, PUBLIC CONTRIBUTIONS & DONATED PPE	13,237,903	31,964,146	77,030,254	139,694,937	20,400,933	31,929,957	113,219,890	68,522,867	49,887,003	5,218,662	23,987,119
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DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011												
Name of VOTE	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per vote)												
MUNICIPAL MANAGER		33,164	14,313,582	11,411,000	8,596,149	70,000	6,263,587	7,709,690	8,567,399	11,788,510	-	94,708
CORPORATE SERVICES		3,453,178	697,512	3,443	503,198	1,663,744	179,768	435,337	355,582	913,715	437,865	4,874,538
FINANCIAL SERVICES		150,715	1,000,000	25,817	-	-	267,193	162,662	165,412	576,770	-	4,495
TECHNICAL SERVICES		2,403,481	7,468,049	50,269,419	111,183,293	11,924,192	14,178,363	96,581,204	51,353,642	19,212,634	4,633,142	6,555,732
COMMUNITY SERVICES		-	320,400	244,696	242,987	1,523,568	151,210	151,183	216,702	598,815	-	1,213,740
ELECTRICITY SERVICES		6,079,223	930,000	8,746,000	3,824,000	-	5,447,535	3,041,428	2,322,000	4,074,630	-	4,693,629
DEVELOPMENT PLANNING & HOUSING		1,118,142	7,234,603	6,329,879	15,345,310	5,219,429	5,442,301	5,138,384	5,542,129	12,721,928	147,655	6,550,276
TOTAL PUBLIC CONTR. & DONATED PPE		13,237,903	31,964,146	77,030,254	139,694,937	20,400,933	31,929,957	113,219,890	68,522,867	49,887,003	5,218,662	23,987,119

Appendix F: Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 FOR THE YEAR ENDED 30 JUNE 2011												
Name of GRANT	Name of Organ of State, Municipal Entity or Grant	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/with held	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
ALL GRANTS, SUBSIDIES AND PUBLIC CONTRIBUTIONS & DONATED PPE (per grant)												
EQUITABLE SHARE	NATIONAL	-	14,263,582	11,411,000	8,558,149	-	6,228,542	7,698,230	8,555,508	11,750,450	-	0
FINANCE MANAGEMENT GRANT	NATIONAL	150,715	1,000,000	-	-	-	267,193	136,845	165,412	576,770	-	4,495
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	NATIONAL	124,927	602,626	25,817	191,732	-	82,817	131,421	298,857	385,699	-	46,309
MUNICIPAL INFRASTRUCTURE GRANT	NATIONAL	2,764,744	3,568,979	15,056,224	1,583,776	-	4,117,833	6,719,262	5,409,446	2,659,863	-	4,067,319
DROUGHT RELIEF GRANT	NATIONAL	-	-	-	92,000,000	-	6,069,132	55,651,891	30,278,977	-	-	-
INTEGRATED HOUSING AND HUMAN SETTLEMENT & DEVELOPMENT GRANT	Department of Housing	1,118,142	7,234,603	6,329,879	15,345,310	2,508,562	5,442,301	5,138,384	5,542,129	10,011,061	147,655	6,550,276
MAINTENANCE OF PROCLAIMED ROADS	PAWC	-	-	-	1,803,000	22,176	-	-	-	208,912	-	1,616,264
EXTENDED PUBLIC WORKS PROGRAMME	PAWC	(450,448)	200,000	800,000	223,000	674,000	-	-	91,702	1,215,290	-	139,560
LIBRARY SERVICES	PAWC - Culture Affairs & Sport	-	320,400	240,400	170,025	-	147,313	148,445	142,220	292,846	-	-
ENERGY EFFICIENCY & DEMAND SIDE MANAGEMENT	Department of Mineral & Energy	6,144,390	-	5,000,000	1,000,000	-	4,532,739	1,321,803	233,022	2,301,597	-	3,755,229
MULTI-PURPOSE CENTRE	Department of Social Development	3,141,043	-	-	-	1,638,073	-	-	-	-	-	4,779,116
PROVINCIAL MANAGEMENT SUPPORT GRANT	PAWC	2,268	-	-	-	-	2,268	-	-	-	-	0
COMMUNITY DEVELOPMENT WORKERS	Department of Social Services	115,017	-	3,443	121,557	5,671	841	1,286	2,106	192,341	-	49,113
LGWSETA SKILLS DEVELOPMENT	LGWSETA	69,923	94,886	-	260,084	-	93,841	328,447	124,795	315,675	437,865	-
ELECTRIFICATION PROJECTS	NER	(65,167)	930,000	3,746,000	2,824,000	-	914,796	1,719,625	2,088,978	1,773,034	-	938,400
MASIBAMBANI PROJECT	NATIONAL	89,185	-	-	-	-	58,728	30,456	-	-	-	(0)
DONATED PPE		-	-	-	-	30,000	-	-	-	30,000	-	-
EDEN DISTRICT CONTRIBUTIONS	Eden District Municipality	-	-	1,861,936	-	-	-	1,861,936	-	-	-	-
PUBLIC CONTRIBUTIONS AND OTHER SUBSIDIES		33,164	3,749,070	32,555,555	15,614,304	15,522,451	3,971,612	32,331,857	15,589,715	18,173,465	4,633,142	2,041,037
TOTAL GRANTS		13,237,903	31,964,146	77,030,254	139,694,937	20,400,933	31,929,957	113,219,890	68,522,867	49,887,003	5,218,662	23,987,119

CHAPTER 6: FUNCTIONAL REPORTS

6.1 Community Services

DIRECTOR: C B PUREN

6.1.1 INTRODUCTION

The Directorate of Community Services performs its duties through the following Sub-Directorates:

- Fire and Rescue Services
- Library Services
- Waste Management and Pollution
- Community Safety
- Sports and Recreation

The Objectives of the Directorate are:

- To ensure a safe environment as far as traffic and fire safety as well as disasters is concerned.
- To protect the natural environment and ensure pristine recreational and sport facilities.
- To ensure that the highest standard of refuse removal is continuously undertaken.
- To promote literacy through our libraries.

6.1.2 OVERVIEW

The Directorate's main objective was to improve and enhance service delivery. This is evident in Council's strategic documents, to wit, the Integrated Development Plan (IDP), the Service Delivery and Budget Implementation Plan (SDBIP) and Performance Management System (PMS).

It is a pleasure to report on the following Key Performance Indicators (KPI's):

- **Funding obtained from external sources**

The following amounts were sourced from external role players:

- R4 500 000 from PetroSA, which was utilised for poverty alleviation projects.
- R404 00 from the Garden Route Casino Trust, which was utilised to create infrastructure on school property so that the property could be available for use by sports clubs in the community.

- **Develop a Comprehensive Fire Plan**

In a high-risk fire area, this KPI was a necessity and it was achieved well within the required time frame.

- **Develop a Disaster Management Plan**

This KPI was also reached well within the required time frame.

- **Develop a five-year plan to update the refuse removal fleet**

As a Municipality, which strives to render the best refuse removal service, the need was identified to acquire a proper fleet of vehicles. The plan was developed. It consists of a five-year programme to upgrade the current fleet as well as to acquire new vehicles. As this is part of the Municipality's strategic plan, the necessary budget will be made available over the next five years.

- **Develop a comprehensive Traffic Management Plan**

Due to the uncertainty of traffic services nationally and the introduction of the Road Traffic Management co-operation and the Administrative and Adjudication of Traffic Offences Act, this target was not reached. It will be pursued in the new financial year.

- **Number of temporary jobs created**

In order to support the national initiative to create employment and to stimulate local economic development, a target was set for the directorate to create 400 temporary jobs. This target was well met as just over 500 temporary jobs were created through the Municipality's cleaning and deforestation projects.

- **Completion of Capital Projects**

Of the 68 planned capital projects, 63 were completed. Almost 93% of the projects were therefore completed.

- **Achievements**

The following achievements need to be mentioned:

- ***Funding Sourced***

The amount of R4,5 million that was sourced from PetroSA. The funds were utilised to create much needed jobs for the unemployed and at the same time to protect the environment by cleaning estuaries and eradicating alien vegetation.

- ***Blue Flag Beaches***

Two beaches, namely Santos and Hartenbos, were again granted Blue flag status.

- ***Cleanest Town Competition***

The Directorate has once again entered the Provincial Cleanest Town competition and improved Mossel Bay's position from 9th place in the previous year to 7th place in the 2010/2011 year. The ultimate goal is to win the competition in the 2013/2014 financial year.

- **Challenges**

The following are still challenges:

- ***Illegal Dumping of Refuse***

Apart from all the efforts to educate the community, the battle against illegal dumping in certain areas is still not won. The Directorate will, however, continue to fight the battle and explore new avenues to improve the situation, especially since winning the Cleanest Town competition is a goal of the Municipality

- ***Shortage of Sports Facilities***

The lack of suitable land renders it impossible to establish more sports facilities, especially within the areas where they are needed most. Efforts will, however, be continued to convince schools, which have sports facilities, to make their facilities available to the communities.

Finally, I would like to mention the positive attitude of the Directorate's staff in reaching the goals set by Council.

6.1.3. FIRE AND RESCUE SERVICES

MISSION STATEMENT

The Fire and Rescue Services Sub-Directorate will endeavour to deliver an effective and efficient service in terms of the legislative requirements. The sole intention is to reduce the risks, impact and consequences for life, property and the environment with regard to fire, emergencies and disasters as enshrined in the country's Constitution, namely to provide a safe environment for all our citizens.

PROJECTS LINKED TO THE INTEGRATED DEVELOPMENT PLAN (IDP)

The Sub-Directorate has acquired a new medium fire fighting pumper that is stationed at the Great Brak River fire station to serve the communities of Glentana, Great Brak River, Little Brak River, Brandwacht, Friemersheim and Ruitersbos. The vehicle and equipment represent the latest fire fighting technology that will assist fire fighters in the performance of their duties. The fire pump of Engine 2 was replaced to increase its life expectancy so that it can operate as a Major Pumper for the greater Mossel Bay area.

DEPARTMENTAL KEY PERFORMANCE INDICATORS

Visits to Major Hazard Installations and High Risk premises have been increased to ensure that these premises are compliant with legislation as well as to ensure that the property owners have fire safety measures in place to safeguard the community and employees.

The response time within 15 minutes for call outs as required by legislation for a B Municipality has been achieved. It is envisaged that the Sub-Directorate could reduce the stipulated response time to 10 minutes by building and commissioning additional fire houses throughout the area as indicated in the five-year plan.

A Disaster Management Plan was completed and accepted by Council and the Provincial Disaster Management department. The Disaster Management Plan has been incorporated in the Municipality's IDP.

A contractor was appointed to do site inspections on private vacant land to identify fire hazards throughout the municipal area. The contractor has issued approximately eighty notices per month over the past year where landowners were requested to clear their properties.

An assertive effort was made to reduce the expenditure on overtime by training volunteer fire fighters in order to increase the manning levels at fire stations. This venture has reduced the overtime budget considerably.

Fire safety and fire reduction is of great concern to the Sub-Directorate and once again a good number of businesses have been inspected and visited by both fire safety officials and operational staff.

PROBLEMS, CHALLENGES AND ACHIEVEMENTS

The Sub-Directorate is understaffed at present and this had a huge impact on the overtime budget. The Fire and Rescue Service covers an area of 2007 square km and responds from two fire stations, namely Mossel Bay and Great Brak River. To increase the manning levels on the vehicles the Service embarked on a programme to train several reservist fire fighters who are currently rendering duty without remuneration. This action resulted in a reduction of overtime costs as well as increasing the staff level. There are no guarantees that reservists will report for as they are not remunerated.

Public education at schools and community events has increased where the 'Learn Not to Burn' programme was communicated with good feedback from the community and schools. House fires, at both formal and informal areas, are of great concern and further community education will take place to address this problem.

The acquisition of technologically advanced fire fighting equipment in the 2010/2011 financial year has made a huge difference in fire fighting operations. This enables fire fighters to perform their function more professionally and efficiently.

The following services were rendered in the 2010/2011 financial year:

- **Incidents**

INCIDENTS	2008/2009	2009/2010	2010/2011
Fires			
Formal building fires	21	27	26
Informal building fires (shacks)	44	66	67
Veld Fires	448	325	181
Other Fires	0	23	123
Motor Vehicle Fires	22	15	24
Motor Vehicle Accidents	295	332	301
Special Services	73	73	123
False Alarms			
With good intent	76	65	79
Malicious	26	53	31
Medical incidents	12	14	12
Loss of life			
Construction Fires	03	06	5
Drowning	05	14	6
Vehicle accidents	07	16	20
Fire Prevention			
Inspections	234	367	498
Re-inspections	128	172	230
Business license, building plans and flammable liquid permits	121	79	265
Fire hydrant inspections	305	292	561
Training			
Industry and Municipal	10	08	46
Schools (Public Education programme)	44	32	2 231
Internal Fire and Rescue	198	176	368
Complaints after hours			
Water	866	1089	1 383
Sewerage	1 269	1 414	1 455
Electricity	2 998	2 794	2 465
TOTAL	7 250	7 452	10 500

- ***Fires***

FIRES	2008/2009	2009/2010	2010/2011
			1
Building Fires			
Formal	21	27	26
Informal(Shack)	44	66	67
Veld Fires	448	325	181
Other Fires	0	23	123
Motor Vehicle	22	15	24

The reduction in veld fires is gratifying in view of the serious drought that Mossel Bay experienced during the year under review.

- ***Motor Vehicle Accidents***

	2008/2009	2009/2010	2010/2011
Accidents	295	332	301

- ***False Alarms***

	2008/2009	2009/2010	2010/2011
- With Good Intent	76	65	79
- Malicious	26	53	31

- ***Medical Incidents***

Medical Incidents	2007/2008	2009/2010	2010/2011
	26	14	12
Loss of Life	2007/2008	2009/2010	2010/2011
Construction Fires	3	6	5
Drowning	5	14	6
Vehicle Accidents	7	16	20

- ***Fire Prevention***

	2008/2009	2009/2010	2010/2011
Inspections	243	367	498
Re-inspections	128	172	230
Business Licenses and Building Plans	121	79	265
Fire Hydrant Inspections	305	292	561

- **Training**

	2008/2009	2009/2010	2010/2011
Industrial/Municipal	10	08	46
Schools	44	32	2 231
Internal Fire and Rescue	196	176	368

The table above shows a large increase in school visits. This is because the format of public education reporting has changed from the number of schools visited in previous years to the actual number of students and community members that were educated by means of the public education programme (Learn Not To Burn) for 2010/2011. This reporting format will be the benchmark for future reports.

- **Complaints after hours**

The following complaints were handled after hours

After hours complaints	2008/2009	2009/2010	2010/2011
Water	795	1089	1383
Sewage	1084	1414	1455
Electricity	3330	2794	2465

- **Contract Security Services**

The contracted company provided a reasonable service with some challenges experienced because of burglaries at the Diaz Beach and De Bakke Resorts. Losses to the Municipality were, however, minimal. Continuous communication between the management of the company and the Municipality took place to ensure that the service is provided in line with the Service Level Agreement.

The cost of security services to the Municipality over the past three years is shown below:

	Cost to Municipality		
	2008/2009	2009/2010	2010/2011
Private Security Services	R1 116 192	R926 502	R1 246 417

- **Lifesaving Services**

Eden Lifesaving was contracted to provide a lifesaving service at the 26 beaches of the Municipality during the 2010/2011 year-end holiday season. Six fatalities occurred during the year.

The cost of lifesaving services to the Municipality over the past three years was as follows:

	2008/2009	2009/2010	2010/2011
Total Operating Budget	R930 345	R876 431	R889 345

CAPITAL PROJECTS

The following capital projects were budgeted for in the 2010/2011 budget cycle and were completed within the projected timeframes.

- Purchasing of a Medium Fire Pumper.
- Purchasing of Fire fighting and Hazardous Material Equipment.
- Replacement of the Fire Engine 2 fire pump.

	2008/2009	2009/2010	2010/2011
Total Capital Budget	R860 643,65	R1 125 000	R2 243 752,21

Fire and Rescue Personnel Cost

The cost of Fire and Rescue Personnel to the Municipality over the past three financial years was as follows:

PERSONNEL	2008/2009	2009/2010	2010/2011
Cost	R7 249 396	R8 349 342	R9 054 025

OPERATING BUDGET

The total operating budget for this function over the past three financial years was as follows:

Total Operating Budget	2008/2009	2009/2010	2010/2011
	R 8 734 069	R10 031 890	R10 567 372

6.1.4.LIBRARIES

The main function of the ten libraries and three mobile libraries in the Mossel Bay municipal area is to provide information to the community.

The dissemination of information can happen in different ways.

- To help learners and students with information to do their assignments and for research.
- Providing information for relaxation. People take books out to read stories or people who are interested in a hobby take books out to find out more about their hobby.
- Libraries promote a culture of reading to children through story-hours, displays, video and DVD shows and holiday programs.
- Ellen van Rensburg Library held music evenings to promote different kinds of music.

CIRCULATION OF LIBRARY MATERIAL

Library material was circulated as follows :

	2008/2009	2009/2010	2010/2011
Books	544 488	602 079	557 204
Periodicals	18 876	21 359	24 501
Music	2 562	2 843	2 177
Video's and DVD's	2 721	3 093	2 369

Books are still the most important material for libraries. Despite Internet and other electronic media books are still taken out on a regular basis.

KEY PERFORMANCE INDICATORS (KPI'S)

This Sub-Directorate had the following Key Performance Indicators for 2010/2011:

- ***Implementation of Performance Management System for Library Staff***

The target was 75 per cent but 95 per cent was achieved by March 2011. At the end of June 2011 the libraries were on 100 per cent. The target was therefore exceeded.

- ***Safety Reports***

Safety reports were submitted regularly and the libraries complied with all safety regulations.

- ***Internal Audit Queries***

All of the internal audit queries were implemented.

- ***Loss of Books***

The percentage losses this year was 0,23%. It was well within the target of 5%.

- **Displays**

The target for displays done at the libraries was 120. The actual amount was 215. The staff put a real effort in with the displays. Themes included Valentine's Day, AIDS and Sun Awareness .

- **Story Hours**

School groups visited the libraries on a regular basis. The target for story hours was 24 hours, but 136 hours were achieved.

STOCK MAINTENANCE

It was a challenge for the personnel to maintain all the stock in the libraries in a neat condition as the Provincial Library Service was unable to supply public libraries with plastic. The wear and tear on library material is still high because of the high usage of books. The libraries receive new books on a regular basis from the Provincial Library Service.

Statistics of stock of the various libraries over the past three financial years were as follows :

Library	2008/2009	2009/2010	2010/2011
Asla Park			1 360
Brandwag	1 917	2 673	3 408
Buisplaas	486	932	1 244
D'Almeida	12 727	13 582	13 297
Ellen van Rensburg	17 956	19 062	19 769
Friemersheim	3 796	5 423	4 810
Greenhaven	7 165	7 966	7 764
Hartenbos	23 275	22 461	21 417
Herbertsdale	4 198	5 899	7 044
KwaNonqaba	11 149	2 830	13 426
Mossel Bay	40 964	41 299	41 060
Ruiterbos	899	1 400	1 232
Sonskynvallei			1 192
Total Stock	124 532	123 527	137 023

MEMBERSHIP

The membership of the various libraries is shown below :

LIBRARY	2009/2010	2010/2011
Asla Park		369
Brandwag	161	130
Buisplaas	40	38

LIBRARY	2009/2010	2010/2011
D'Almeida	4 455	3 643
Ellen van Rensburg	2 699	2 992
Friemersheim	621	643
Greenhaven	1 328	1 503
Hartenbos	3 900	3 813
Herbertsdale	774	793
KwaNonqaba	3 066	2 811
Mossel Bay	13 109	12 605
Ruiterbos	160	173
Sonskynvallei		51
TOTAL MEMBERS	30 337	29 564

The decrease in the membership in the review year amounts to 2,5%, which is not a cause for concern.

PERSONNEL

The personnel increased from 32 to 34 staff members. This was due to the increase in grant funding from the Provincial Government.

HOLIDAY PROGRAMMES

Holiday programmes were held at the Mossel Bay Library during the school holidays. The June holiday programme was as follows:

27 June 2011 : Arts and Craft with Lindie.

28 June 2011 : Fun Day with SPCA.

29 June 2011 : Let's be Creative.

30 June 2011 : Story Time with Carol.

CHALLENGES AT LIBRARIES

The Brandwag, D'Almeida, Ellen van Rensburg (Great Brak River), Herbertsdale and Mossel Bay Libraries are too small. It gets difficult to accommodate all the school learners in the afternoon.

It is difficult for the Ellen van Rensburg Library to handle school groups for story hours and holiday programmes because of the shortage of space. There is no separate room for learners and because of that the library becomes over crowded.

6.1.5. POLLUTION AND WASTE MANAGEMENT

The Pollution and Waste Management Sub-Directorate is responsible for waste management and pollution control. It has various sections, namely refuse removal and waste management, street cleaning, transfer stations and specialised environmental health services.

The report covers the Sub-Directorate's performance for the 2010/2011 financial year:

PERFORMANCE

Households and Cost per Household

Households and Cost per Household			
Indigent		Non- Indigent	
Households	Cost per Household (R)	Households	Cost per Household (R)
6 246	77,59	37 221	77,59

Refuse Removal

	2008/2009	2009/2010	2010/2011
Tonnes removed	23 964	28 277,15	26 839,38

Recycling

	2008/2009	2009/2010	2010/2011
Tonnes removed	1 343,337	1 480,364	1 734,206

Job Creation through Entrepreneurs Project

Contractors	Job Opportunities	Male Employees	Female Employees
40	267	102	125

Expenditure for the Past Three Financial Years

	2008/2009	2009/2010	2010/2011
Refuse Removal	27 729 876	22 072 586	24 904 557
Street Cleaning	1 679 153	1 909 330	2 115 086
Transfer Stations	981 212	1 110 343	1 356 716

KEY PERFORMANCE INDICATORS

- ***Plans and Programmes Implemented to Address Illegal Dumping***

An entrepreneurs team was appointed to clear illegally dumped refuse on a daily basis. They were also made responsible for reporting offenders to the Municipality and notifying the law enforcement officers when illegal dumping activities are observed. Community education programmes to increase awareness of the illegal dumping of waste were also carried out in 2010/2011, especially in areas where the problem was the biggest.

- ***Community Education***

The target for community education on acceptable waste management practices was 3 000 individuals in 2010/2011. This target was exceeded as 5 000 individuals were reached.

The Sub-Directorate developed a pamphlet on illegal dumping and recycling to educate the public on bad waste management practices and the associated dangers. It also covered information on recycling and the benefits thereof.

- ***Monitoring of Transfer Stations***

The target for inspections of transfer stations was one per week. This target was exceeded by far as 483 inspections were carried out in the 2010/2011 financial year.

- ***Reduction in Waste***

The target for waste reduction was five per cent. This was achieved by increasing recycling. The increased recycling can to a large extent be ascribed to increased awareness as a result of the awareness programmes conducted by the Sub-Directorate.

- ***Agreement with PetroSA In Connection with Landfill Sites***

The contract between PetroSA and the Municipality regarding the dumping of waste on the company's landfill site expired in June 2010 but was extended until June 2012. Further negotiations are underway for an extension until at least 2015.

- ***Ensure that All Landfill Sites are Permitted***

A process was started during the 2010/2011 year to ensure that all landfill sites have the necessary permits. PD Naidoo and Associates was appointed by the Eden District Municipality for the environmental process and development of the regional waste facility. Mossel Bay requested permission from the Eden District Municipality to make use of the same tender for a similar project.

This is a lengthy process and to date a desk top study was conducted to provide the Municipality with the estimated cost and possible project timeframes. The document and processes are under discussion and the process will continue into the 2011/2012 financial year.

- ***Extension of The Blue Bag System***

Recycling collection services were provided to about 30 per cent of Mossel Bay's households in the 2010/2011 financial year. The objective is to increase recycling to at least 50 per cent of households over the next two years.

- ***Development of Recycling Strategies***

The following recycling projects were conducted during the year:

- *Schools Recycling Project*

During 2010/2011 four primary schools were selected to take part in a recycling competition. Each school had to collect recyclables and design a poster or slogan on waste. Students were educated on waste management and the reuse of waste as a resource. Mossel Bay Tourism and the Garden Route Casino Trust donated prizes for the most successful and original waste concept. This project will continue in the 2011/2012 financial year.

- *Soup Kitchens*

A soup kitchen project was started in February 2011. Many challenges were experienced with regard to the removal of recyclables, especially in previously disadvantaged areas. The soup kitchens were involved to educate people regarding the importance of recycling. The concept worked well to reach the people who need the education the most.

- *Shoprite Soup Truck*

The soup truck did two projects with the Municipality during the year, one in Asla Park and another in KwaNonqaba. Soup and bread were provided by Shoprite after the community was educated regarding the dangers of illegal dumping.

- *Office Recycling*

This project commenced in December 2010 and has been a success. Boxes for collecting waste paper were placed strategically at all municipal offices and emptied regularly.

Strategy to Reduce Illegal Dumping on Public Open Spaces

It was decided to address this problem through establishing waste drop-off sites to which people could take their waste. Fifteen such sites were built during the year to control illegal dumping. They are situated mainly in the Asla Park and KwaNonqaba areas. The sites are maintained in a neat and clean condition by a team of workers appointed as part of the cleaning project. The cost of the project was R201 972.

PROJECTS

- ***Entrepreneurs Project***

The entrepreneurs are responsible for street cleaning and the beautifying of the areas in which they are appointed. A budget of R5 839 038 35 was spent on this service to the communities. This project, which created 267 jobs in 2010/2011 was introduced in 2006 and continues to be one the Municipality's success stories.

- ***Cleanest Town Competition***

Over the past three years the Municipality made good progress with waste management practices. This is evident from the achievement of seventh place out of 24 municipalities that participated in the Cleanest Town Competition in 2010/2011. The focus during 2010/2011 was to create awareness, improve signage and keep the town clean.

CAPITAL PROJECTS COMPLETED

The following capital projects were completed successfully:

- Acquisition of bulk containers	:	R80 000
- Supply of bins lifters	:	R69 180
- Upgrading of compactor units	:	R197 050
- Purchase of new compactor vehicle	:	R1 341 392
- Waste drop- off sites	:	R201 972

A fleet management plan was developed to upgrade old vehicles and replace the current fleet.

CHALLENGES

- ***Outdated Refuse Trucks***

A fleet management plan has been developed do address this. The aim is to renew the fleet within the next five years.

- ***Illegal Dumping***

Clean-up actions are done regularly and awareness campaigns are done on an ongoing basis but the problem persists.

- ***Licensing of Waste Sites***

The applications that were submitted to the Department of Environmental Affairs and Development Planning in 2005 have not yet been approved. A consultant has been engaged to do costing on legally closing inherent sites and developing basic facilities. The cost related to implementing the requirements is astronomical and discussions related to the processes and requirements are in process.

6.1.6. COMMUNITY SAFETY

The functions of the Community Safety Department include traffic law enforcement, vehicle registration and the driver's license testing centre.

As traffic law enforcement in Mossel Bay cannot operate in isolation, many activities were planned to coincide with National and Provincial goals and initiatives. Priorities were also identified in terms of those offences which have the largest impact on human life and damage to property.

Statistical information revealed that speeding, driving under the influence of liquor, unroadworthy vehicles and pedestrians were the largest threat to road users.

LAW ENFORCEMENT

This section is divided into an operational team consisting of 18 Traffic Officers and three Law Enforcement Officers.

The traffic officers are responsible for general and traffic law enforcement as well as speed law enforcement. Two of the group are responsible to verify offences and to ensure compliance with the legal guide lines.

The law enforcement officer is mainly responsible for attending to complaints related to By-law transgressions. Policing of parking offences and crime prevention is done by means of foot patrols and observation.

A free service is rendered to escort funeral processions.

To enhance road safety amongst children, a road safety education program was presented to 89 schools and 1 020 children were involved. Approximately 50 people from the community render a service to assist with scholar patrols on a daily basis.

Three officials were involved in the education of heavy vehicle drivers in the Driver of the Year project to enhance the skills of these drivers. During the financial year officials also assisted with road safety at sporting events on public roads. A total of 334 different cycling and running events were assisted.

To curb speeding offences, two permanent and one portable camera were obtained. A goal was set to do speed law enforcement in at least six residential areas per month. This goal was achieved and a total of 602 operations were launched.

Law enforcement resulted in the arrest of several offenders for offences such as driving under the influence of liquor. Pro-active action resulted in a decline of such offences compared to the previous two years.

The law enforcement team consisting of three officials is also responsible for ensure that all offences are captured onto the system and to exercise control over court documents. Implementation of the TASK job grading system to evaluate different post levels resulted in the repeal of the rapid promotion scheme for traffic officers.

This had a very negative effect on the empowerment of personnel and the challenge to overcome is to get a system in place which could stimulate personal development.

During the December holidays the large number of tourists in Mossel Bay created a real challenge to ensure traffic safety. To overcome this challenge, ten temporary employees were trained to do point duty. These individuals made a great contribution in keeping the traffic flowing and minimising motor accidents.

The following table summarises the activities for the year:

- **Law Enforcement**

	2008/2009	2009/2010	2010/2011
Summonses Issued	12 848	9 761	7 345
Notifications of intention to prosecute (Section 341)	2 101	2828	58 693
Warnings	873	1 718	1 157
Arrest	175	174	77
Foot Patrols , Law Enforcement & Crime Prevention	919 hours	12 752 hours	10 371 hours
Illegal Structures removed	83	117	51
Summonses 56(Paid)			R228 010
Section 341 (Paid)		R559 820	R14 984 420
Fines	46 660		
TOTAL INCOME	R4 806 036,20	R156 190	R15 212

			430
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The increase of Section 341 notices is due to the introduction of the speed cameras. The difference in the total income for 2010/2011 in comparison to previous years is also due to the contribution in the implementation of the speed camera contract.

VEHICLE REGISTRATION

This section had to overcome the fact that the supervisor post was vacant for the whole year as a suitable replacement could not be found.

Several cashiers' positions had to be filled by temporary personnel and trainees. Although this put a lot of pressure on this section, they provided an excellent service to the community. The demand for special permits and registration numbers showed a marginal decline compared to the 2009/2010 financial year.

The following table summarises the activities for the past year compared to the previous two years.

	2008/2009	2009/2010	2010/2011
Registrations	R 743 327,55	R 715 100,15	R 776 478
Licensing fees paid to Province	R 17 262 984	R 15 403 432,97	R 15 728 315,84
Temporary permits	R 50 046	R 42 504	R 45 540
Special Permits	R 22 176	R 118 765	R 11 664
Duplicates	R 127 050	R 140 436	R 150 381
12% Agency Fee	R 2 071 558,18	R 2 100 467,80	R 3 150 231,33
Registration Numbers	R 20 400	R 21 650	R 2 1200
TOTAL INCOME	R 20 297 541	R 18 442 358,92	R 19 883 810,17

DRIVER'S LICENCES

This section is manned by six testing officers and three cashiers/clerks. The Department of Transport supplied 3 machines, which enables testing officers to electronically do eye tests and take fingerprint and photographs, thus providing a total service to applicants.

The requirement by most employers that a person must be in possession of a drivers licence and PrDP might be the reason for the sharp increase in the demand for these items. The income from light motor licences increased by 10,2% and that of PrDP applications by 207 %.

The applications for learner's licences also showed a drastic decline in the number of applicants as well as the number of licences issued. Due to the present economic situation applicants take less training lessons and are not properly prepared to pass the competency test. The overall income of this section grew by 25,4% compared to the previous financial year.

The table below provides statistic on the issuing of driver's licences:

	2008/2009		2009/2010		2010/2011	
	Amount (R)	Number	Amount (R)	Number	Amount (R)	Number
Motorbikes	30 120	251	32 775	267	22 005	163
Light Motor Vehicles	137 400	1 145	147 465	1 193	162 645	1 205
Heavy Motor Vehicles	254 882	1 416	354 640	1 922	274 800	1 374
Card Applications	748 400	7 484	721 510	7057	839 690	6 565
Temporary Licenses	101 600	2 540	93 250	2 269	100 215	2 227
Pr DP's	92 890	1 327	84 810	1 179	260 440	3 830
Learners Applications	255 600	4 260	267 892	4 333	76 560	2 320
Learners Licences Issued	73 230	2 441	83 670	2 726	4 224	128
Duplicate Learners Licenses	4 440	148	4 482	146	94 240	1 178
TOTAL INCOME:	1 350 556		1 462 297		1 834 819	

TECHNICAL

This section is responsible for the maintenance of road traffic signs and road markings. One supervisor and three labourers are utilised to render this service in the area stretching from Glentana to Vlees Bay.

A total of 50 549 metres of road markings were painted and 180 road signs were erected in the 2010/2011 financial year.

In times of disaster or floods this team also distributes road closure signs to ensure the safety of motorists.

6.1.7 PARKS AND RECREATION

This Sub-Directorate is responsible for the maintenance and management of the sports, recreation and beach facilities as well as the maintenance and management of municipal parks and public open spaces. The management of municipal cemeteries is also part of the daily operations of this section.

Mossel Bay was once again part of the international Blue Flag programme for beaches and two beaches, namely Santos and Hartenbos were granted Blue Flag status. The Blue Flag season started on 1 December 2010 and ended on 31 January 2011. During this period two (2) Blue Flag control visits were conducted and Mossel Bay received high praise for the management of the Blue Flag beaches.

It was also decided that the Blue Flag program must be extended and a pilot phase will be run at De Bakke beach over the 2011/2012 festive season.

There are also some challenges regarding the Blue Flag program and the biggest is probably the management of storm water and sewerage in and around the beaches.

Vandalism of the ablution facilities at the beaches was one of the biggest challenges that the Municipality faced and is still facing. There was a huge increase in the number of such incidents on the beaches.

New block developments were done at the Greenhaven cemetery and the fencing and road maintenance took place at the Midbrak, End Street and Mossel Bay cemeteries. Ablution facilities were also built at the Greenhaven cemetery.

The eradication of alien vegetation is a high priority of this Sub-Directorate and various deforestation projects took place. Close to R2 million was spent on deforestation in the last financial year.

Although good rainfall was received during the latter part of 2010, water restrictions were still in place for some time and that did have an impact on the maintenance of sports facilities. A number of capital projects were, however, completed at the different sports facilities. This included further upgrading of the facilities at the Extension 23 soccer fields, the replacement of light masts at the Van Riebeeck stadium as well as the resealing of tennis courts at Mossel Bay and Little Brak River. Repairs were also done to the pavilion at the Friemersheim sports field and the roof of the Indoor Sports Centre.

The Harry Giddey Park is a very popular destination for locals and visitors alike. The improvement of the park is therefore an ongoing process. One of the challenges facing the Municipality is to ensure that all improvement are done according to the rules and regulations, especially regarding the keeping of animals and birds.

The shortage of sports facilities was a major challenge for this Sub-Directorate in the 2010/2011 financial year. Because of an increase in the establishment of sports clubs as well as an increase in sporting activities, the need for additional sport facilities was identified. A key performance indicator was to investigate alternatives.

Three schools that have their own sport fields were approached to avail their facilities to the communities. One of the schools signed an agreement with the Municipality to allow a sports club in the area where the school is situated to use their field. The Sub-Directorate will continue to source alternative sport fields for the use of the community.

6.2 Community Services

DIRECTOR: E JANTJIES

6.2.1 INTRODUCTION

The Corporate Services Directorate provides an effective, efficient and accountable administrative service to the Mossel Bay Municipality, and endeavours to foster a culture of accountability and responsiveness to the needs of the community.

It provides institutional support to the Speaker and Councillors and ensures the management of personnel, which include staffing and personnel administration, labour relations, training and development, Occupational Health and Safety and equitable service concerns.

The Directorate is responsible for:

- Human Resources Management and Development.
- Change Management.
- Legal Services.
- Socio-Economic Development
- Tourism Promotion and Development
- Administrative Support.

6.2.2 OVERVIEW

The following is a broad overview of the activities of the five Sub-Directorates of the Corporate Services Directorate:

Human Resources Management and Development

The Sub-Directorate is responsible for Human Resources Administration, which includes staffing and employee compensation, skills development, training, occupational health and safety, and labour relations.

- A new microstructure for all directorates was approved in December 2010. As a result a new position, that of a Manager Labour Relations was added to the structure to adhere to the new disciplinary code that was accepted by all parties for implementation.

A total of 74 persons were recruited in the course of the year for various the various Directorates and the Municipality had 813 people in its employ on 30 June 2011. New appointments were based on service delivery needs and the Employment Equity Plan of the Municipality.

- The Sub-Directorate processed 22 promotions and 70 terminations. A total of 224 disciplinary actions were processed. This included 19 dismissals, 10 suspensions and two demotions.
- The year was characterised by reasonable labour peace and the Municipality was fortunate in that it did not have a single incident of labour unrest during the year
- The biggest challenge for the Municipality remains scarce skills and budgetary constraints. The Employment Equity Report for 2010/2011 was submitted to the Directorate of Labour electronically before the due date.

The Municipality recognises the need to continuously develop and improve the skills of both its employees and the Councillors. A skills development plan was therefore developed and adopted and also submitted to the Department of Labour as the law requires. The Municipality executed 29 skills development and training interventions at a cost of R1 387 439. Altogether 252 employees were trained in terms of these interventions.

Fifteen employees, including the Municipal Manager and three Directors, have enrolled for the minimum competency programme presented by the University of Stellenbosch in terms of the Municipal Minimum Competency Regulation issued by the National Treasury to improve financial management skills at municipalities. The program will conclude in December 2012.

Thirty-four employees were enrolled for programmes launched by the Construction SETA in view of the need identified nationally to skill 12 000 artisans. The employees concerned were enrolled for plumbing (15), bricklaying (7), carpentry (3), water process controlling (5) and telemetrics (4) learnerships.

- The long awaited TASK job grading system was implemented with effect from 1 July 2011. As could be expected not all employees agreed with their job gradings and submitted appeals that were considered by the central review panel that was set up for the municipalities in the Eden District.
- An aggressive approach was followed to ensure that occupational health and safety standards are maintained at the Municipality. This inter alia involved safety training for 85 officials. Courses included various programs such as Safety Health and Environmental (SHE) Representative Functions, Incident Investigations, Health and Hygiene, Rope Rescue and Hazardous Materials.

Safety Committee meetings were held regularly and the minutes of these meeting tabled for scrutiny at the bi-weekly executive management meetings to ensure that corrective action is taken where needed.

- An electronic biometric time and attendance system became fully operational in the course of the year. The purpose of the system is to have control over absenteeism and to provide a tool to management to manage attendance in the workplace. The implementation of the system increased punctuality and attendance and decreased unauthorised absenteeism of employees.

Change Management

The Employment Equity Report for 2010/2011 was submitted electronically to the Directorate of Labour before the due date.

The Performance Management System of the Municipality has also been improved significantly and was cascaded downwards to all employees. The implementation of individual performance management to lower level employees remains a big challenge due to the workforce totals which are much more than those on a higher level.

The Municipal Manager and all Section 57 employees signed performance agreements, while the electronic Service Delivery and Budget Implementation Programme (SDBIP) of the Municipality was refined further to manage and monitor service delivery and budget implementation. A top-level key performance indicator (KPI) scorecard was also developed to report on service delivery and budget implementation.

Socio-Economic Development

- Section 16(1) of the Municipal Systems Act, No 32 van 2000, makes provision for a municipality to create an opportunity to encourage the local community to participate in municipal matters. Sixteen (16) community participation meetings were held throughout the Mossel Bay municipal area to review the Municipality's Integrated Development Plan (IDP) and adapt it to changing community priorities.
- The Municipality established itself as a leader in the Western Cape with regard to the implementation of the Ward Committee system. This was evidenced by the invitation to the Speaker of Council to do a best-practice presentation in March 2011 at the Provincial Speaker's Forum on the implementation of the Ward Committee system at the Municipality.

While Ward Committees were established in only 10 of the 12 wards prior to the general municipal elections in May 2011, Ward Committees were established in all 14 wards after the elections. The number of wards in Mossel Bay was increased to 14 in line with the enlargement of Council from 23 members to 27 members.

- The Municipality employs two social workers as well as a youth co-ordinator and a HIV/AIDS, gender, disabled and geriatric affairs co-ordinator to give effect to the Municipality's social development and associated public awareness programmes.

Activities initiated or co-ordinated by these officials included the following:

- Water awareness programme during the drought that reached 3 221 children.
- The soup kitchen project that was launched in the D'Almeida area in November 2010.
- Regular empowerment sessions with women from rural areas on subjects such as self-image improvement and substance abuse and healthy eating habits. Twenty-four women from Ruiterbos, Brandwacht, Buisplaas and Herbertsdale were also taken to a Fetal Alcohol Syndrome Workshop in Karatara in September 2010.
- The establishment of food gardens in KwaNonqaba (2) and Sonskynvallei (1). These gardens are running successfully and were supported by the provision of seedlings and the garden tools
- The bringing of health services to the homeless people in conjunction with the Departement of Health and the Creating Effective Families welfare organisation. Services included family planning, information on substance dependency and medical services such as testing for blood pressure, cholesterol, diabetes and HIV/AIDS. These services were rendered to 90 people.
- The establishment of a Gender Forum for Mossel Bay in August 2010.
- The compilation of a disability policy for the Municipality in January 2011. Disability scans were performed at municipal offices to determine their friendliness towards disabled people. A data base of people with disabilities was also established
- A teenage pregnancy awareness campaign in collaboration with the South African Police Service.
- A campaign on violence and Gangsterism in conjunction with the South African Police Service.
- The participation by Mossel Bay youths in a computer training project rolled out by the Eden District Municipality. This ended on a very successful note and ten participants of Mossel Bay received a 100% pass rate. A total of 18 out of the 20 unemployed youths passed the Basic Computer Training Course.
- A Career and Information Exposition in conjunction with the Department of Education.
- The commemoration of days such as Mandela Day, Youth Day, Human Rights Day and the Municipality's participation in international programmes such as the 16 Days of Activism against Violence against Women and Children which took place from 25 of November 2010 to 10 December 2011.

- The Extended Public Works Participation Programme (EPWP) at the Municipality was administered by this Sub-Directorate. The programme created 502 job opportunities mainly on construction projects such as the seawater desalination plant (120) and the extension of Walvis Street to the Joe Slovo informal settlement (32) but also on waste management projects (200).
- The Municipality has a tourism responsibility and this was performed on its behalf by Mossel Bay Tourism, a Section 21 company, which is the Local Tourism Organisation (LTO) for Mossel Bay. The Municipality and Mossel Bay Tourism entered into a service level agreement, which covers the Municipality's requirements in this regard. Tourism is an important contributor to local economic development,

The organisation promoted tourism to Mossel Bay through the maintenance of a dedicated website, a media awareness programme, brochures and the participation in domestic as well as international tourism shows.

Legal Services

The Municipality reached an agreement in principle with the Department of Justice and the Chief State Prosecutor for the Southern Cape to establish a dedicated court for municipal affairs under the management of the Municipality in Mossel Bay.

This will improve the Municipality's ability to enforce its by-laws and regulations, which at present is being hampered by the delays or difficulties in getting court dates at the Magistrate's Court because of the large volume of criminal and other civil cases, which this court has to deal with.

One of the legal advisers and a senior administrative officer of this Sub-Directorate was transferred to Development and Planning Directorate in order to address planning- and housing-related issues such as building contraventions, transfer of properties and other legal issues more effectively.

The Sub-Directorate is also dealing with several court cases against the Municipality at present. This includes a case against the Municipality and several other authorities in connection with the flooding of the Riverside residential area on the flood plain of the Little Brak River and another in connection with the aborted plans to develop municipal property at Diaz Beach. A number of other cases were concluded.

The Head Legal Services was appointed on a temporary basis as the Chief Risk Officer of the Municipality. The Sub-Directorate will therefore be directly involved in the implementation for the Risk Policy, maintenance of the Risk Register and addressing risk at the Municipality in general. A Fraud and Risk Management Committee was established, which reports to the Audit Committee.

Support Services

The outstanding feature of the services rendered by the Support Services Sub-Directorate during the 2010/2011 financial year was the continued improvement and adding of new capabilities to the Collaborator electronic document flow system.

This has made Mossel Bay the leading Municipality in the Eden District with the implementation of this system.

Features that were added during the year under review to this important management tool include Supply Chain Management Requisitions, Disciplinary Hearings and Insurance Management.

6.2.3 HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT

The Sub-Directorate is responsible for Human Resources Administration, which includes staffing and employee compensation, skills development, training, occupational health and safety and labour relations. It has the following divisions:

- * Administration, which includes staffing and employee compensation.
- * Skills Development, Training and Occupational Health and Safety, and
- * Labour Relations

During the 2010/2011 book year the division was confronted with the following challenges:

- The filling of 96 vacancies.
- The processing of 70 terminations.
- Addressing of the high percentage of incapacity.
- Management of discipline in the workplace.
- Training interventions to the value of R1 387 439.
- Implementation of the new biometric time and attendance system
- 57 injuries on duty.

RECRUITMENT

According to the Employment Equity Plan and the Staffing Policy of the Municipality the employment equity goals must be taken into consideration when posts are filled.

This means that the race, gender and disability status must be in line with the goal set for the specific occupational level in which the vacant post falls.

The table below reflects recruitment categories and numbers for the period 1 July 2010 to 30 June 2011 (including employees with disabilities):

Occupational Levels	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	1	0	0	1
Professionally qualified and experienced specialists and mid-management	1	2	0	0	0	0	1	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	5	8	1	4	4	1	2	2	0	0	27
Semi-skilled and discretionary decision making	1	5	0	4	3	1	1	2	0	0	17
Unskilled and defined decision making	12	10	0	0	1	0	0	2	0	0	25
Total Permanent	19	25	1	8	8	1	5	7	0	0	74
Total Non-Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	19	25	1	8	8	1	5	7	0	0	74

Legend: A= African; C= Coloured; I = Indian; W= White.

PROMOTIONS

The table below reflects promotion categories and numbers at the Municipality for the period 1 July 2010 to 30 June 2011 (including people with disabilities):

Occupational Levels	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	2	0	0	0	2
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	1	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	2	2	0	0	1	0	0	2	0	0	7
Semi-skilled and discretionary decision making	1	7	0	0	0	0	0	1	0	0	9
Unskilled and defined decision making	0	3	0	0	0	0	0	0	0	0	3
Total Permanent	3	12	0	0	1	0	1	5	0	0	22
Total Non-Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	3	12	0	0	1	0	1	5	0	0	22

Legend: A= African; C= Coloured; I = Indian; W= White.

TERMINATIONS

The following terminations took place during the 2010/2011 book year:

Occupational Levels	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Top Management	0	0	0	0	0	0	0	1	0	0	1
Senior Management	0	0	0	0	0	0	0	1	0	0	1

PEOPLE WITH DISABILITY

[illegible]

Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	0	0	0	2	0	0	0	0	0	0	0	2
Semi-skilled and discretionary decision making	0	1	0	1	0	0	0	0	0	0	0	2
Unskilled and defined decision making	0	3	0	2	0	0	0	0	0	0	0	5
Total Permanent	0	4	0	6	0	0	0	0	0	0	0	10
Total Non-Permanent	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	4	0	6	0	0	0	0	0	0	0	10

Legend: A= African; C= Coloured; I = Indian; W= White.

TOTAL NUMBER OF EMPLOYEES

On 30 June 2011 the Municipality had a total workforce of 813. The following is an analysis of the Municipality's total labour force per occupational level at 30 June 2011.

Occupational Levels	Designated								Non-designated		TOTAL
	Male				Female				White Male	Foreign Nationals	
	A	C	I	A	C	I	W	W	Male	Female	
Top Management	0	2	1	0	0	0	1	2	0	0	6
Senior Management	0	2	1	0	1	0	3	15	0	0	22
Professionally qualified and experienced specialists and mid-management	2	6	0	4	6	0	10	9	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	38	72	1	8	18	1	13	58	0	0	209
Semi-skilled and discretionary decision making	20	48	0	19	42	1	23	6	0	0	158

Occupational Levels	Designated							Non-designated			TOTAL
	Male			Female				White Male	Foreign Nationals		
	A	C	I	A	C	I	W	W	Male	Female	
Unskilled and defined decision making	124	190	1	16	30	0	1	12	0	0	374
TOTAL	184	320	5	47	98	1	53	105	0	0	813

Legend: A= African; C= Coloured; I = Indian; W= White.

INTERNS

Two new financial interns were appointed during the 2010/2011 financial in terms of the Municipal Finance Management Act and the guidelines supplied by National Treasury. The internship programme is funded from donations allocated by National Treasury.

A total of 5 Interns are currently in service on a contractual basis.

The table below shows employment the profile of Interns for the period 1 July 2010 to 30 June 2011.

Work Area	African		Coloured		Indian		White		Total
	M	F	M	F	M	F	M	F	
Core Finance	0	1	0	1	1	1	0	1	5
TOTAL	0	1	0	1	1	1	0	1	5

HEALTH AND SAFETY

The Mossel Bay Municipality launched an aggressive approach to Occupational Health and Safety training with a total number of 9 interventions from which 85 officials benefited. Courses included various programs such as Safety, Health and Environment (SHE) representative functions, incident investigations, health and hygiene, rope rescue and hazardous materials operations amongst others

The following is a list of the courses in this skills priority area with the number of beneficiaries per course.

OHS-FOCUSSED TRAINING 2010/11	
--------------------------------------	--

First Aid Level 1	14
First Aid Level 3	6
Incident Investigation	11
Introduction to SAMTRAC	4
Basic Health and Hygiene	10
Health and Safety in the Workplace	10
SHE Representation Functions	23
Rope Rescue Technicians	3
Hazardous Material Operations	4
Total trained	85

The focus on the elimination of unsafe conditions has improved dramatically, in particular the implementation and control of registers in the Technical Departments, and has as a result increased ownership of safety in the workshops and on sites. The Monthly safety compliance reports from the contractor sites by project managers assisted greatly in the monitoring process.

Forty-four monthly safety inspection reports are received regularly and incident investigations are conducted within the specified timeframe of 7 days. Injuries reported to the Compensation Commissioner for the year and comparative year on year can be viewed below:

INJURIES REPORTED TO THE COMPENSATION COMMISSIONER			
	2008-2009	2009-2010	2010-2011
July	4	8	2
August	6	4	4
September	0	5	4

INJURIES REPORTED TO THE COMPENSATION COMMISSIONER			
October	16	2	2
November	4	4	3
December	5	8	8
January	0	5	6
February	10	4	10
March	3	4	5
April	5	2	4
May	2	3	3
June	5	3	6
Total Injuries	60	52	57

Monthly health and safety meetings focused on the elimination of unsafe acts in particular as there was a marginal increase in injuries. Tool Box talks by supervisors have been implemented to ensure that the employees focus their attention on not being injured due to negligence.

Personnel are required to comply with wearing of Personal Protective Equipment in accordance with the general conditions and responsibilities of the employee as stipulated in the OHS act and also taking ownership for their own safety. This requirement was enforced strictly and employees who transgressed were disciplined.

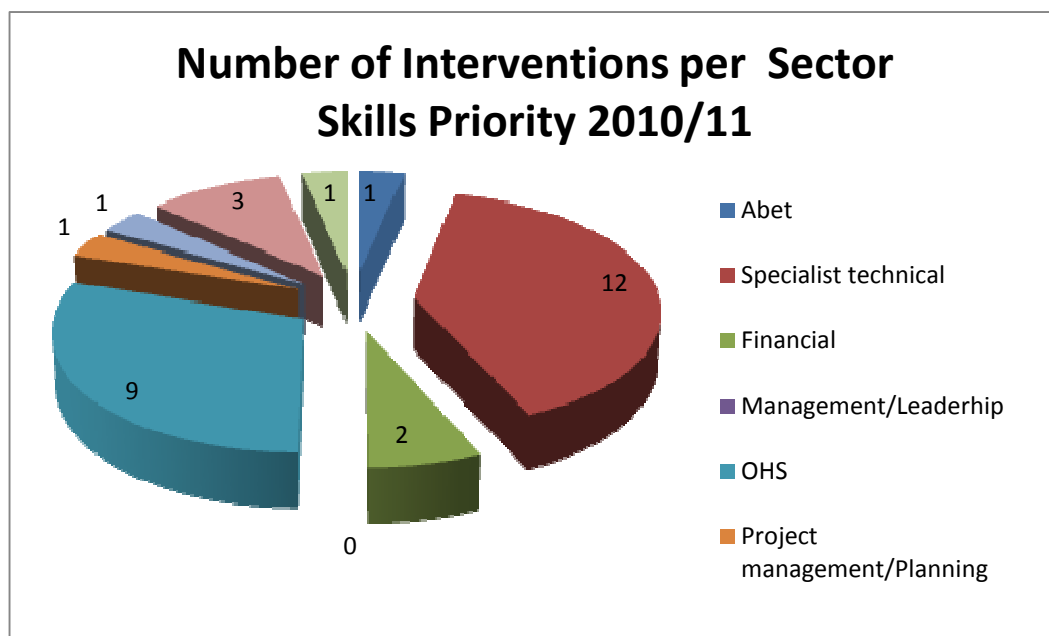
SKILLS DEVELOPMENT AND TRAINING

The Municipality has an obligation in terms of the Skills Development Act, No 97 of 1998, to develop its employees by providing training for them. Training plans are drawn up annually and are forwarded to the Local Government Education and Training Authority (LGSETA)

Skills Development

The Mossel Bay Municipality executed 29 skills development and training interventions at a cost of R1 387 439. The total number of employees trained was 252.

The skills priority areas, in which the most training interventions were rolled out, were specialist technical interventions which underpin the infrastructure and service delivery with a total number of 12 interventions and Occupational Health and Safety with 9 interventions.



Learnerships

- ***Local Government Accounting Certificate NQF 3***

This learnership is funded by the Local Government SETA and the implementation authority is the South African Institute of Chartered Accountants (SAICA). Training is provided by a training provider under the auspices of the Association of Accounting Technicians of South Africa to develop the financial capabilities of officials in the employ of Municipalities Nationally.

The Mossel Bay Municipality enrolled 16 Learners and 15 were certified competent in June 2011, with one employee having left the employ of the Municipality.

The certificated learners received silver membership of the Association of Accounting Technicians of South Africa (AATSA), which is a registered professional body and the officials have to comply with the code of conduct of the Association.

The membership boosted the morale and the professional conduct of our officials and this benefits the Municipality in its quest for ethical staff and service delivery.

The Advanced Certificate programme is scheduled to commence in the new financial year.

- ***Minimum Competency Levels***

This programme is offered by the University of Stellenbosch in terms of the Municipal Minimum Competency Regulation (Gazette 29667 of June 2007), which was issued by the National Treasury. The purpose is to improve financial management skills and municipalities are required to comply with this Regulation by 2013.

The Mossel Bay Municipality has 15 participants in the programme, which includes the Municipal Manager, Directors and other senior managers and financial personnel. The programme will be concluded in December 2012.

- ***Technical Learnerships***

The Mossel Bay Municipality has benefited greatly from the programmes of the Construction SETA. The urgent need to skill 12 000 artisans nationally has provided opportunities for unskilled labour to be formally trained in the technical field. The Municipality has been fortunate in that it could enroll the following numbers of officials for the following learnerships:

Plumbing (NQF 4):

Fifteen officials, mainly from the Streets and Stormwater and the Water and Sewerage were enrolled for this learnership. The students were given the opportunity within the Technical Services Directorate to rotate in order to acquire the necessary practical exposure and for the completion of their learning log books which is a requirement when application is made for their Trade Tests.

Bricklaying NQF3

Seven officials were enrolled for the programme with methodology of training the same as for the plumbing learnership.

Carpentry NQF3

Three officials were enrolled.

Water NQF 3

The Water Learnership is offered in conjunction with the Department of Water Affairs and five learners were enlisted on the programme. It is offered by a training provider, The Water Academy.

The qualifications of the Municipality's water process controllers contributed to good operator grading that the Mossel Bay Municipality obtained, and which assisted in the assessments for Green and Blue Drop status in the Department of Water Affairs' water quality certification programme.

Telematics: Water Learnership for Supervisors

This programme is offered by the University of Stellenbosch. Training is offered off site at a location where a Telematics Centre is established and learners log in via their cell phones to access learning and for interaction with the facilitator. Such a centre is located in George and the Mossel Bay trainees attend training on a release program one week per month.

Mossel Bay is fortunate to have four learners on the program, which is closely monitored by the Development Bank of South Africa (DBSA).

In general the Skills Development and Training department of the Municipality has grown exponentially and the return on investment in terms of dedication, applied knowledge and skill is evident in the quality of work delivered by officials.

PENSION, RETIREMENT AND PROVIDENT FUNDS AND MEDICAL AID FUNDS

The Municipality and its employees contribute to the following Pension or Provident Funds:

	Municipal Contribution (%)	Member Contribution (%)
Cape Joint Pension Fund	18	9
Cape Joint Retirement Fund	18	9
South African Local Authorities (SALA) Pension Fund	18,07	8,6
South African Municipal Workers Union (SAMWU) Provident Fund	12	5

The table below shows accredited pension schemes and membership numbers as on 30 June 2011.

Fund Membership	2010/2011
Cape Joint Pension Fund	29

Cape Retirement Fund	480
SALA Pension Fund	23
SAMWU Provident Fund	265
Councillors Pension Fund	7

Medical Aid Schemes

Membership is not compulsory and employees have a choice to belong to one of the medical aid schemes accredited by SALGBC. Council contributes 60 % towards the monthly premium up to a maximum of R3 092,55 per month (determined annually). Employees are allowed to change between funds during the window period which is normally during October and November of each year.

The table below shows accredited medical aid schemes and membership numbers:

Fund	Membership	2007/2008	2008/2009	2009/2010	2010/2011
Bonitas	159	226	223	186	
Hosmed		131	115	116	115
L A Health		62	62	61	113
Key Health		72	66	62	48
SAMWU Med		101	98	82	68

TIME AND ATTENDANCE SYSTEM

The Municipality, in its endeavours to administer its affairs in an economical, effective, efficient and accountable manner, decided to implement an electronic biometric time and attendance system in the 2010/2011 financial year. The purpose of the system is to have control over absenteeism and to provide a tool to management to manage attendance in the workplace.

The Time and Attendance system will be implemented in four priority phases:

- Clocking in of all employees
- Access control
- Payroll integration
- Leave system integration

At 30 June 2011 all employees were registered on the system and able to clock at the start and end of daily shifts. Access control was installed at the office of the Municipal Manager only and the integration between the leave system and the time and attendance system was completed.

The implementation of the system increased punctuality and attendance and decreased unauthorised absenteeism of employees.

Fourteen mobile units were purchased and are currently used in departments where standby and overtime are performed after hours.

LABOUR RELATIONS

The past financial year was characterised by reasonable labour peace and the Municipality was fortunate not to have a single incident of labour unrest during the year. Unfortunately, the unions have not yet agreed to sign a Minimum Service Level Agreement with the employer. However, on the positive side, the absence of such agreement allows the Municipality the full complement of essential service personnel to be available for quality service delivery.

Labour Relations has also made it a priority to address the matter of serious incapacity by identifying employees who require the employer's intervention at a very early stage. This has resulted in the employer attending to a number of cases of possible sick-leave abuse. Present indications are that abuse of sick leave has dropped with as much as 50 per cent.

Of importance though is that the intervention has led to a number of employees being boarded on account of serious incapacity. Having followed the right procedure not only assisted the employees to submit claims for disability successfully, but also allowed the Municipality to fill the vacancies soon with employees who are fit and healthy and able to attend to the community's needs.

The challenge to keep employees loyal to their duty to deliver a top quality service to the Mossel Bay community as well as to the Mossel Bay Municipality is an ongoing one. Sadly, no significant reduction in dishonesty-related misconduct can as yet be reported. Although a decrease in the high levels of misconduct is not necessarily apparent, the fact is that the Municipality has taken strong steps to make supervisors responsible and accountable for the maintenance of sound discipline.

This led to a higher reporting figure which is not necessarily an indication of an increasing tendency towards misconduct, but rather an increase in the reporting and addressing of serious misconduct. Employees thus know that if they misbehave, they will undoubtedly face appropriate disciplinary action.

In November 2010, Heads of Divisions were engaged in a 2-day workshop on the handling of discipline and this will most certainly improve their capacity to deal with poor discipline in an effective and speedy manner.

In addition, the Municipality designed a new misconduct reporting system on the Collaborator electronic document flow system. This is part of a strategy to assist and guide Division Heads to manage the necessary discipline in their respective divisions and to assist them with the prompt finalisation of less serious misconduct.

This ushers in an exciting new phase, as the maintenance of sound discipline is an integral part of line managers' core functions. If line managers are serious about their duty to promote good discipline and to manage poor discipline, a reduction in the high levels of misconduct will soon become possible.

The following is a breakdown of disciplinary action for the past financial year:

Outcome of finding	Sanction								TOTAL
	Not Guilty	Counsel-ling	Verbal warning	Written warning	Final Written Warning	Dismissal	Suspension	Demotion	
Absent without leave	1	9	1	47	13	4	4	1	80
Dereliction of duty		7	3	9	1	1			21
Insubordination		2		6					8
Under the influence of alcohol		1			19	1	4	1	26
Sick leave abuse		5		8	1				14
Negligence		5		4	1	1			11
Telephone abuse	1	30		3	1		2		37
Gross dishonesty						2			2
Misappropriation of employer's property						4			4
Sexual Harassment	1					1			2
Punctuality		4		5					9
Abusive language				1	1				2
Fraud with State funds *					3				3
Unlawful removal of employers property						3			3
Assault						2			2
Total	3	63	4	83	40	19	10	2	224

* Refers to other state institutions and not the Mossel Bay Municipality

Note: The total of 124 misconduct cases reflected in the 2010/2011 report represents a period of 6 months and not the full 12 months of the financial year. The present figure of 224 misconduct cases therefore does not represent a huge rise in the present financial year.

6.2.4 CHANGE MANAGEMENT

The Change Management Sub-Directorate is at present responsible for the following functions:

- Integrated Development Planning (IDP).
- Performance Management System (PMS).

- Employment Equity.

THE INTEGRATED DEVELOPMENT PLAN AND IDP REVIEW PROCESS

Section 16(1) of the Municipal Systems Act, No 32 of 2000, makes provision for a Municipality to create an opportunity to encourage the local community to participate in municipal matters.

The annual review process of the Municipality's IDP took place from 29 July 2010 to 4 October 2010. The schedule below shows the sixteen (16) community participation meetings, together with the attendance at each, that were held:

DATE	WARD	VENUE	ATTENDANCE 2010
29/07/10	7	Boggoms Bay	56
2 /08/10	7	Herbertsdale Church Hall	73
3/08/10	4	Great Brak River Community Hall	146
4/08/10	10	Hartenbos Library Hall	49
10/08/10	6 & 8	Civic Centre	50
11/08/10	4	Friemersheim Community Hall	26
12/08/10	11	Dana Bay Hall	87
21/09/10	1	Civic Centre	9
22/09/10	12	Civic Centre	7
23/09/10	2	Civic Centre	14
27/09/10	5	Reebok Hall	35
28/09/10	9	Civic Centre	54
29/09/10	3	Civic Centre	35
30/09/10	12	Civic Centre	4
04/10/10	7	Brandwacht	68

The following means of communication, in the three official languages of the Municipality, were utilised to inform the public of these meetings:

- Pamphlets distributed in all areas within the Greater Mossel Bay area.
- Notices in public places.
- Loud hailing.
- Advertisements in the local newspapers.
- Ward Based community organisation meetings.
- Radio Talks.

Transport was arranged for the various communities to attend the workshops.

Valuable inputs were received at each meeting. Matters raised included the maintenance of roads, low and middle income housing, community safety, mobile police stations, storm water, sewerage, clinics and unemployment.

PERFORMANCE MANAGEMENT

The following activities with regard to the Performance Management System (PMS) took place in the 2010/2011 financial year:

- Performance Agreements and Plans for the Section 57 Employees were developed and adopted for the 2010/11 financial years.
- The performance of the Municipal Manager and the managers reporting directly to her, were evaluated in terms of the agreement within the required timeframes for the financial years.
- The Council approved an organisational SDBIP, which is used as an integral part of performance measurement and an electronic reporting system called Ignite Assist is utilised for the reporting of performance against Key Performance Indicators.
- A new version of the SDBIP software was developed and implemented.
- The SDBIP for 2010/11 was enhanced to two layers, the Top Layer SDBIP for the strategic objectives and indicators, and the Departmental SDBIP for implementation and monitoring of departments.
- Various training sessions and presentations were held for municipal staff and stakeholders such as the Audit Committee.
- The Performance Management System for individual staff was developed and training sessions were presented to directors, managers and supervisors. It was agreed that the system will be implemented at the levels of managers to supervisors, after which it will be implemented at all other staff levels.

- Hands-on support to prepare performance agreements was offered to staff that required assistance.
- Although legislation requires that the Municipal Manager, and managers directly accountable to the Municipal Manager, sign formal performance contracts, it is also a requirement that all employees have performance plans. The Performance Management System was rolled out to staff on job levels T9 to T2 from the end of June 2010 onwards. By the end of June 2011 the process was completed in respect of all levels.
- Further training sessions were conducted from 11 to 13 January 2011 at which performance management was explained to personnel. They were advised on what will be expected from them, how to prepare performance development plans and how to develop key performance indicators.
- Performance evaluation of staff members from levels T17 to T10 (previously post levels 0-6) were done from 18 January 2011 to 20 January 2011.
- Feedback on progress with the implementation of PMS was presented to the Audit Committee.
- Effectiveness was enhanced by implementing the following modules that are linked to the performance management system:
 - An audit query module to improve the management of the implementation of audit queries.
 - The project prioritisation module to prioritise projects for IDP and budget purposes in terms of an agreed and approved methodology.
- The SDBIP for 2011/2012 was also enhanced to two layers, the Top Layer SDBIP for strategic objectives and indicators and the Departmental SDBIP for implementation and monitoring of the performance of departments.
- The Top Layer SDBIP 2011/2012 was approved by the Mayor on 11 May 2011.

The implementation of performance development planning for staff levels 7 to 18 remains a big challenge due to the large number of employees falling in this category.

It is important to note that a PMS is dynamic and will change and develop over time to reflect the unique requirements of the Municipality.

EMPLOYMENT EQUITY

- ***Employment Equity Plan***

The revised Employment Equity Plan, which was implemented on 1 October 2009, is applicable until 30 September 2014.

The Municipality's Employment Equity Forum, on which all occupational categories as well as the trade unions are represented, met regularly although the meetings that were scheduled for 3 February 2011 as well as 5 May 2011 were not held because there were no quorums.

The purpose of the Employment Equity Forum is to consult on the employment policies, practices, procedures and working environment in order to identify barriers for people from the designated groups.

All employment policies, procedures and practices were forwarded to all trade unions, Employment Equity Forum members as well as representatives of the designated and non-designated groups for assessment and also to indicate which policies, practices and procedures they believe will have a negatively impact on the achievement of the employment objectives of the Municipality.

Apart from the Municipality's housing policy, no discriminatory elements with regard to the policies, practices and procedures were identified. The housing policy was scrapped.

A meeting was held with the Department of Labour on 11 April 2011 where the Employment Equity report of 2010 was discussed.

Workforce Profile: 1 October 2009 to 30 June 2011

The profile, which includes a comparison of the profile at 01 October 2009 with the profile at 30 June 2011, is as follows:

Top Management

- A decrease in the total figure occurred in this category and level from 1 October 2009 to 30 June 2011 as White males decreased from three to two.
- Top management positions remain predominantly male although they decreased by one.
- There is still an underrepresentation of African males, African females and Coloured females in the top management based on the percentage goals for 2014.

Senior Management

- The senior management category is mostly occupied by males.
- Females are underrepresented in this category and level and constitute 19% of total senior management positions while men constitute 81%.

- Overrepresentation of White males occurred in this category and level as they constitute 68% of the senior management positions in comparison to the 36% goal set for 2014.
- Overrepresentation of White females occurred in this category and level as they constitute 14% of the senior management positions at present compared to the goal of 9% for 2014.
- There is an underrepresentation of African males, Coloured males, African females and Coloured females in this category based on the goals for 2014.

Professionals, Specialists (Middle Management)

- Underrepresentation of African males, Coloured males, White males, African females and Coloured females occurred based on the goals set for 2014.
- White females are overrepresented in this category and constitute 27% of positions based on the goal of the 16% by 2014.
- More effort towards the achievement of the 2014 goals needs to be considered in the appointment of males in terms of this category and level.

Skilled Technical (Junior Managers, Supervisor)

- African males, Coloured males and White males are overrepresented in terms of the numerical goal set for 2014.
- African females are underrepresented in terms of the goal set for 2014. They occupy 4% of positions compared to the goal of 8% set for 2014.
- Indian and White females are equitably represented based on the goals set for 2014.

Semi-skilled and Discretionary Decision Making

- Underrepresentation of African males, Coloured males, White males, African females, Indian females and White females occurred on the basis of the numerical goals set for 2014.
- African males constitute 13% of positions in comparison to the goal of 17% set for 2014.
- White males constitute 4% of positions in comparison to the goal of 8% set for 2014.
- African females constitute 12% of positions compared to the goal of 12% set for 2014.

[illegible]

			Male				Female		Totals
	African	Coloured	Indian	White	African	Coloured	Indian	White	
PROFESSIONALS, SPECIALISTS									
MIDDLE MANAGEMENT									
01 October 2009	2	9	0	18	7	7	0	10	53
30 September 2010	1	8	0	10	5	6	0	9	39
30 June 2011	2	6	0	9	4	6	0	10	37
30 September 2014	7	12	0	13	7	10	0	9	58
DIFFERENCE	-5	-6	0	-4	-3	-4	0	1	
People with Disabilities :01 October 2009									1
People with Disabilities :30 September 2010									1
People with Disabilities 30 June 2011									0
People with Disabilities : 30 September 2014									3
DIFFERENCE									-3
SKILLED TECHNICAL									
JUNIOR MANAGEMENT, SUPERVISORS									
01 October 2009	22	52	1	46	7	13	0	12	153
30 September 2010	33	68	0	60	6	13	1	12	193
30 June 2011	38	72	1	58	8	18	1	13	209
30 September	27	49	1	40	13	16	1	13	160

[illegible]

			Male				Female		Totals
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disabilities 30 June 2011									
People with Disabilities : 30 September 2014									8
DIFFERENCE									-6
UNSKILLED									
01 October 2009	121	209	0	12	18	31	0	0	391
30 September 2010	124	200	1	12	18	32	0	1	388
30 June 2011	124	190	1	12	16	30	0	1	374
30 September 2014	133	210	2	21	26	41	1	6	440
DIFFERENCE	-9	-20	-1	-9	-10	-11	-1	-5	
People with Disabilities :01 October 2009									4
People with Disabilities :30 September 2010									4
People with Disabilities 30 June 2011									5
People with Disabilities : 30 September 2014									8
DIFFERENCE									-3
TOTAL									
01 October 2009	178	339	3	105	48	95	0	51	819
30 September	178	325	3	104	44	91	2	51	798

			Male				Female		Totals
	African	Coloured	Indian	White	African	Coloured	Indian	White	
2010									
30 June 2011	184	320	4	102	47	97	1	51	806
30 September 2014	205	337	4	100	74	114	3	55	892
DIFFERENCE	-21	-17	0	2	-27	-17	-2	-4	-86
People with Disabilities :01 October 2009									8
People with Disabilities :30 September 2010									9
People with Disabilities 30 June 2011									10
People with Disabilities : 30 September 2014									32
DIFFERENCE									-22

Challenges and Barriers

The problems from previous years remain unchanged in some instances and included the following challenges and barriers:

- The pool of suitably qualified professionals from designated groups is small in some cases.
- Some departments have a relatively small staff complement and a low staff turnover, making it difficult to alter the existing demography.
- Affirmative action measures, to address the barriers identified during the analysis, should be developed to improve the under-representation of designated group members.

Conclusion

For the Municipality to be successful in reaching its objectives, as stipulated by the Constitution and various other Acts of Parliament, it is important to obtain and retain the services of suitable personnel.

The Municipality therefore commits itself to the promotion of equal opportunities, fair treatment, the removal of unfair discrimination and the implementation of affirmative action measures.

6.2.5 LEGAL SERVICES

INTRODUCTION

The Legal Services Sub-Directorate is a general municipal support service, which provides the Municipality with legal advice and support in order to ensure that it operates within the Constitution and the law in general.

There are hardly any legal aspects that are not applicable within the Municipal environment. It is within this dynamic environment that the Sub-Directorate Legal Services renders a legal service which provides for litigation by or against the Municipality, scrutinising of contracts, commenting on legislation, compiling and reviewing of by-laws, conducting disciplinary hearings against officials contravening the disciplinary code as well as legal advice to Council, the Municipal Manager and Directors.

ADMINISTRATION

The following is an indication of the administrative workload of this Sub-Directorate in the 2010/2011 financial year:

TYPE	2007/2008	2008/2009	2009/2010	2010/2011
Telephone calls received and made	6 677	5 107	6 909	
Correspondence received and sent out	5 204	3 852	3 841	
Contracts, memoranda, items and building irregularities	3 812	3 999	3 648	

STAFF COMPONENT

The staff component changed in the year under review as one of the Legal Advisors and a Senior Administrative Officer were transferred to the Development and Planning Directorate to address planning- and housing-related issues such as building contraventions, transfer of properties and other legal issues.

The Sub-Directorate now consists of a Legal Advisor, Administrative Officer and a Senior Clerk. A new Legal Advisor was appointed in June 2011 following the resignation of her predecessor.

In addition of a court dedicated to Municipal Affairs was placed under the Head Legal Services and will consist of a Magistrate, Initiator, Interpreter and a Clerk. This Court is in the process of being established and is one of the challenges of the Legal Services Sub-directorate.

KEY PERFORMANCE INDICATORS

The Key Performance Indicators of the Sub-Directorate include the revision of by-laws and policies the revision and finalisation of contracts, the placing of legal notices, the management and resolving of external and internal audit queries, the attendance of meetings to assist with legal advice and the effective administrative functioning of the Sub-Directorate.

CONTRACT MANAGEMENT SYSTEM

Contract management is run on the electronic Collaborator system, which simplifies the control, verification and renewal of contracts. There are currently 336 active contracts, which include employment, long-term borrowing, Council-owned land lease, service level, service settlement, building lease, rental, funding, sales, encroachment, and donation agreements.

One of the interesting agreements was the signing of a lease agreement between PetroSA and the Municipality for a period of fifteen (15) years, with an option to extend it for a further fifteen (15) years, of a property in Voorbaai for the seawater desalination plant. Also worth nothing is that negotiations are currently in process for the finalisation of an operation and maintenance agreement between the Municipality and PetroSA in respect of this facility.

BY-LAWS

The following By-laws have been promulgated in the Provincial Gazette in September 2010 and June 2011 respectively, namely the Special Rating Area By-law, the By-law relating to the Control of the Seashore and Sea as well as the Pounds, Cemeteries and Crematoriums and Street Trading By-laws. The amendment of the By-law relating to the Keeping of Dogs was also promulgated.

A By-law on trading days and hours for liquor licenses was approved by Council and is in the process of being promulgated.

RISK MANAGEMENT

It has become increasingly important for the Municipality to implement and maintain an effective system to identify and mitigate risks that threaten the execution of service delivery and the optimisation of opportunities that enhance institutional performance. A risk strategy and risk and fraud prevention policy was adopted by Council and a Risk and Fraud Committee has been established which now meets quarterly. A Risk Register has been compiled and a strategy is being developed for each of the top 10 risks in the Municipality.

The Head Legal Services was appointed on a temporary basis as the Chief Risk Officer of the Municipality. The Sub-Directorate will therefore be directly involved in the implementation of the Risk Policy, maintenance of the Risk Register and addressing risk at the Municipality in general.

CHALLENGES

Some of the challenges that await the Sub-Directorate Legal Services are the following:

Court Dedicated to Municipal Affairs

In terms of Section 152 of the Constitution a Municipality has an obligation to promote a safe and healthy environment and a Municipality must strive within its financial and administrative capacity to achieve this objective.

A court dedicated to Municipal affairs will have various benefits for the Municipality, which will include the effective addressing of traffic-related offences, non-payment of municipal accounts and the effective enforcement of municipal by-laws. It will also ease the pressure on the Magistrate's Court so that it has more capacity to deal with other cases.

Council supports the establishment of a Court in principle and in February 2011, high-level negotiations were held with the Regional Head: Western Cape of the Department of Justice and Constitutional Development. As a result approval in principle has been obtained from the Department of Justice as well as the Chief Prosecutor Southern Cape for the court. A possible venue for the Court was identified at the Public Library in Marsh Street.

Final negotiations have to take place where after a detailed business and implementation plan with financial implications will be submitted to Council for consideration.

Urban Renewal Co-coordinating Committee

The Legal Services Sub-Directorate is represented on the Urban Renewal Committee that will guide the revitalisation process of the original Central Business District (CBD). The process will include the development of the adjacent Point area as the two areas together are of major importance to the local tourism industry.

The CBD was affected adversely by the loss of business to new shopping malls established away from the CBD, and which resulted in CBD properties standing empty. Urban ageing is also taking its toll and the successful implementation of a turnaround strategy for the area is one of the major challenges facing the Municipality at present.

Litigation

It is inevitable that a local authority will from time to time be challenged in a court of law or for itself to enter into litigation to protect its rights:

The following is a summary of court cases or legal action in which the Municipality was involved in the 2010/2011 financial year, some of which will continue in the 2011/2012 financial year:

- The process regarding the De Dekke complex at Great Brak River was finalised to the satisfaction of the Municipality.
- Appeal by the applicant against the judgement in the Da Nova zoning case – applicant was informed that the appeal will not proceed. The matter can therefore be considered as closed.
- The Elgin House case - building plans were approved by Heritage Western Cape and the owners are in the process of removing the third floor and completing the building according to the approved plan. The matter can therefore be considered as closed.

There remain some outstanding cases pending, of which the following are of note:

- The Searle case regarding the safety of houses in Muller Street, Tergniet, is continuing. A court date was allocated for October 2011 and after judgement, the Municipality will have to reconsider the future of buildings to be erected in Muller Street.
- The AttPower development facilitation agreement, which the Municipality maintains is not enforceable. There is a strong possibility that the matter may be settled during the next few months. If settlement is not possible, the Municipality will proceed to apply to the Supreme Court for the revision of the contract.
- Legal action instituted by residents of the Riverside residential area on the flood plain of the Little Brak River against the Municipality and several other parties, including the Minister of Public Works, Minister of Development, South Africa National Road Agency and the Petroleum, Oil and Gas Corporation of South Africa, regarding flood damage they suffered. This is a very complicated case, which is unlikely to be resolved in the next two to three years.
- The case by guesthouse owners regarding rates and taxes levied by the Municipality on guesthouses, which is ongoing.

6.2.6 SOCIO-ECONOMIC DEVELOPMENT

INTRODUCTION

The Sub-Directorate is divided into the following sections:

- Local Economic Development and Expanded Public Works Programme.
- Social Development.
- HIV/AIDS, Gender and Disability.
- Youth Development.
- Public Participation and Ward Committees.

LOCAL ECONOMIC DEVELOPMENT**Expanded Public Works Programme (EPWP)**

This programme, which is funded by the Government, is administered by the Sub-Directorate. It provided employment as follows:

Job Creation Scheme	Job Opportunities
Data Capturer	1
Wolwedans Electrification	10
Asazani/ Izinyoka, Walvis Street	32
Greenhaven Pedestrian Walkways	12
Joe Slovo and KwaNonqaba projects	29
Waste Management	200
Beach Maintenance	21
Reconstruction of Bonanza Street	10
Rebuilding of Kusweg, Reebok and Tergniet	6
Desalination Plant	120
Upgrading of Montagu Street	10
Rebuilding of School Street, Herbertsdale	16
Upgrading of Barnard Avenue	19
Upgrading of Bill Jeffrey/Mossel Street	9
Asazani/Izinyoka New Bulk Sewer System	7
TOTAL	502

SOCIAL DEVELOPMENT

The Municipality employs social workers as well as a youth co-ordinator and a HIV/AIDS, gender, disabled and geriatric affairs co-ordinator to give effect to the Municipality's social development and associated public awareness programmes.

The following projects and programmes were carried out during the year:

Awareness Programmes

- Because of the severe drought that Mossel Bay experienced, the Sub-Directorate assisted with a water scarcity awareness programme amongst schools. A total of 3 221 learners were educated from July 2010 to September 2010. This included a holiday programme in June and July at schools in KwaNonqaba, D'Almeida, Great Brak River and Mossel Bay where 2 000 children were reached.
- A substance abuse poster competition was held in August 2010. The objective of the campaign was to create awareness of substance abuse and to provide young people with contact details of people and organisations that provide substance abuse related services.

School children as well as youths already out of school were invited to participate in the campaign, which was a huge success. Prizes ranging in value from R300 to R1 500 were awarded for winning posters. Posters were received from the Ridgeview, Erica, St Blaize, Denneprag, Ruiterbos, Great Brak River, Terence Ndanda, Friemersheim and Hartenbos Primary Schools and the Mossel Bay Youth Correctional Centre. A teenage pregnancy awareness campaign took place on 13 November 2010 at the Indoor Sports Centre. Love-Life, OPTIONS, the Department of Health, Heart2Heart and New Life Theatre collaborated with the Municipality in this venture. Approximately 300 teenagers from Ruiterbos Primary, Friemersheim Primary, Sonskynvallei, Buisplaas, Powertown, Erica Primary School, TM Ndanda Primary School and St Blaize Primary School attended the day.

- Another teenage awareness programme was arranged in Great Brak River from 25 March 2011 to 27 March 2011. Some 250 teenagers attended this programme. A clinic sister addressed the dangers of teenage pregnancy. A rehabilitated drug addict addressed the teenager on his bad experiences because of substance abuse. Teenagers were also discouraged from getting involved with gangs as this can lead substance abuse and criminal activities.
- The Municipality, in collaboration with the South African Police Service and the Department of Corrections, embarked on a violence and gangsterism campaign. This campaign took place on 28 January 2011 at the D'Almeida Community Hall and 235 learners from the Brandwag, Isalathiso, Friemersheim, TM Ndanda and Imekhaya Primary Schools as well as the Great Brak River and Sao Bras Secondary Schools attended the programme.

The Police informed the learners about the statistics on violence in the Mossel Bay Municipal Area and learners were encouraged to stay away from criminal activities. A youth inmate encouraged learners to avoid substance abuse as this led him to criminal activities that resulted in a jail sentence.

Commemoration of Special Days and Participation in Campaigns

- ***Mandela Day***

Mandela Day was commemorated in July 2010 with the Executive Mayor, Mayoral Committee members and the management and personnel of the Municipality all performing acts of goodwill in response to the call of 67 minutes of goodwill by President Mandela to celebrate his birthday. The focus was on crèches, homeless persons and a Women's Group of Herbertsdale. Sixteen crèches were visited in total. Stories were told to the children at the crèches and food, sweets and toys were handed out. The homeless persons of Mossel Bay were treated with soup and sandwiches. The Women's Group in Herbertsdale where 11 ladies received hair treatments. The women had their hair washed, curled and blow-dried.

- ***Heritage Day***

Heritage Day Celebrations were organised at the AFM Church at D'Almeida. It was well attended by 150 people from the rural areas.

- ***16 Days of Activism Against Violence Against Women and Children***

16 Days of Activism Against Violence Against Women and Children took place from 25 November until 10 December 2011.

The activities included:

- A march in KwaNonqaba where the women were addressed on the purpose of the programme.
- Information sessions on domestic violence by Mossel Bay World Outreach and the SA Police Service at Vlees Bay, Herbertsdale, Buisplaas, Friemersheim and Denneprag.
- The distribution of pamphlets on domestic violence in all areas.
- A church service on 28 November to celebrate the life of the survivors.
- Information sessions by the Department of Justice.
- Commemoration of World AIDS Day on 1 December during which and HIV/AIDS testing was done by Department of Health in Marsh Street.
- A visit to Siyathanda Disabled Care Centre.

- A church service at the Uniting Reformed Church in D’Almeida.
- An obstacle course race at the Van Riebeeck Stadium, and
- Youth rallies in Great Brak River and at the Hillcrest Secondary Schools.

- ***Human Rights Day Programme***

The Human Rights Day programme took place in March 2011 and 10 schools were visited. The target group was Grade 6 and Grade 7 learners. The programme was done in collaboration with the “Behoort” organisation and Mossel Bay Child Welfare Organisation. The programme focused on the rights and responsibilities of children and 886 learners were reached.

- ***Child Protection Month***

Child Protection Programme was held from 30 May 2011 to 28 June 2011. This programme reached 53 Early Childhood Centres and 2 244 children between the ages of 3-5 years were reached. The programme focused on safety. Other role-players were the Fire Brigade, the Traffic Department, the ACVV, Child Welfare and the Department of Social Development.

Other Activities

- ***Community Chest Training***

Information was distributed at the Early Childhood Centres about the organisational basics in organisation development at a training session that took place from 27-29 July 2010. Fourteen educators from early childhood education centres in the Mossel Bay municipal area attended this training.

- ***Empowerment of Women in Rural Areas***

In August 2010 a women’s group was started in Buisplaas. Monthly sessions were held monthly with these women. Topics that were discussed were self-image improvement and substance abuse. A physiotherapist handled one session and focused on basic exercises to maintain your back and body. The dietician focused on healthy eating habits.

- ***Fetal Alcohol Syndrome Workshop***

A Fetal Alcohol Syndrome Workshop took place in Karatara on 30 September 2010. The Municipality facilitated the attendance of 24 women from Ruiterbos, Brandwacht, Buisplaas and Herbertsdale. The workshop was facilitated by Foundation for Alcohol Related Research and focused on the consequences alcohol have on an unborn baby and the precautions communities can take to tackle this problem.

- ***Operation Smile***

The social workers mobilised the other departments of the Municipality and soft and educational toys, coloring books, crayons and toiletries were donated to Operation Smile. Operation Smile is an international medical humanitarian organisation that provides safe, effective reconstructive surgery for children and adults born with cleft lip, cleft palate and other facial deformities.

- ***Family Weekend Programme***

In January 2011 a family weekend programme was held in conjunction with the Denneprag Primary School, the Behoort organisation, the Department of Social Development and the South African Police Service. The programme focused on family dynamics and healthy family practices such as communication and family relations were discussed. Sixty people attended the programme.

- ***Soup Kitchen Project***

The soup kitchen project was launched in November 2010 in D'Almeida. The seven volunteers are responsible to make soup for sick and elderly people twice a week and 500 people are fed. A soup kitchen was started in Joe Slovo Village in April 2011. Fifty sick and elderly people benefitted from the soup prepared by the volunteer in this area.

- ***Food Garden Project***

The food gardens in Sonskynvallei (1) and Kwanonqaba (2) were supported by the provision of seedlings and the garden tools.

Programme for Homeless People

Health services were brought to homeless people in conjunction with the Departement of Health and Creating Effective Families. The services included family planning, information on substance dependency and medical services such as testing for blood pressure, cholesterol, diabetes and HIV/AIDS. The services were rendered to 90 people.

HIV/AIDS, Gender and Disability

Numerous activities were performed with regard to HIV/AIDS as well as gender and disability issues in 2010/financial year:

- ***HIV/AIDS***
 - Training by Heart-to-Heart for youth with the focus on change (July 2010).
 - Holiday programme focused on healthy lifestyles, healthy sexual practices and HIV/AIDS.
 - HIV/AIDS awareness at Itembaletu Aged Club (September 2010).
 - International HIV/AIDS Day for staff at Mossel Bay Municipality (December 2010).

- Donations to households headed by children (December 2010).
- Information corner at Hartenbos cashier office on HIV/AIDS (March 2011).
- HIV/AIDS testing at Mossel Bay Municipality (March 2011).
- HIV/AIDS testing for Women in Construction (March 2011).
- Condom distribution at Buffalo Rally (March 2011).
- Candle Light Memorial (May 2011).

- ***Gender***

- Internal Women's Day Programme (August 2010).
- External Women's Day Programme with homeless women (August 2010).
- Information sessions on entrepreneurial programmes (October 2010).
- Launching of Women-in-Construction Committee (November 2010).
- "Beat-a-coin" project with people living on the streets (December 2010).
- Information session on domestic violence and diversity (December 2010).
- Supply Chain Management training for Women in Construction (March 2011).
- TIS Training for Women in Construction (April 2011).
- Internal programme focusing on domestic violence, rights of women and human resources services (May 2011).
- Awareness posters with the focus on Gender Policy (July 2010).
- Human trafficking awareness in Dana Bay (September 2010).
- Internal gender awareness programme with focus on financial independence (September 2010).
- Go Green Go Clean-project (March 2011) in conjunction with SA Police Service.
- Domestic violence awareness programme in Great Brak River and internally (March 2011).
- Launch of Gender Forum (August 2010).

- ***Disability***

- Holiday programme at Kenani (July 2010).
- Internal awareness programme (August 2010).
- Casual Day at the Socio-Economic Department of the Municipality. A disability scan was done to assess the friendliness of the Municipality's friendliness towards disabled people (September 2010).
- Creative workshop for people with disabilities in Herbertsdale and Great Brak River (September 2010).
- Self-defence programme for people with disabilities and older people in conjunction with clubs for the aged and the Department of Social Development. (October 2010).
- Commemoration of International Day for People with Disabilities with a March and visit to Siyathanda Disability Care Centre (December 2010).
- Development of Disability Policy (January 2011).
- Creative Workshop for people with disabilities in Herbertsdale in conjunction with the Department of Health and Heartbeat (March 2011).
- Database established of people with disabilities (May 2010).

Youth Development

- ***Mossel Bay Youth Development Council***

The Youth Council, which was initiated by the Municipality, met on 21 July 2011 and again on 18 August 2011, did not function as it should. Only a few meetings took place in the year under review. The secretary resigned and the Council appears to be affected negatively because of a lack of enthusiasm by members as well as a lack of administrative infrastructure.

The Municipality, in collaboration with the Council, organised a 5-a-side soccer tournament that took place on 31 July 2010. Twelve teams participated in the tournament.

- ***Career and Information Expositions***

The Department of Education in collaboration with the Municipality hosted a Career and Information Exposition on 24 July 2010 at Indwe Secondary School. 150 learners from three high schools attended the event. The Municipality assisted with transporting 60 learners from Great Brak River.

A successful Career Exposition was organised on 25 March 2011 at the Indoor Sports Centre. Fourteen exhibitors, which included the George Campus of the Nelson Mandela Metropolitan University, the National Student Financial Aid Scheme, the Mining Qualifications Authority, PetroSA and several State departments and SETA's, participated in the event.

- ***Computer Training Project***

Twenty youths from Mossel Bay were identified for participation in the Eden District Municipality's Basic Computer Training Course. Ten of the students achieved a 100 per cent pass rate and eighteen completed the course successfully in December 2010. They received their certificates in January 2011.

- ***Department of Rural Development and Land Affairs Learnerships***

The Municipality was asked to assist with the identification of applicants for these learnerships and managed to get 66 applicants from the Mossel Bay municipal area. Twenty-six applicants were successful. Training commenced in George in September 2010. The duration of the course is 24 months.

- ***Road Show of the National Student Financial Aid Scheme***

The National Student Financial Aid Scheme was assisted with their road show in Mossel Bay in September 2010 and in October 2010. The representative of the scheme visited Great Brak River Secondary, Indwe Secondary, Hillcrest Secondary and Sao Bras High Schools. During the October visit nearly 400 learners from Hillcrest, Indwe and Sao Bras were reached. They were informed about the value of tertiary education and the financial aid that is available.

- ***“Meet the Sharks” Programme***

“Meet the Sharks”, an educational programme on awareness of the ocean and sharks was presented in collaboration with Oceans Aware in Mossel Bay. Schools were invited to send 30 learners each and 1 000 learners benefitted from this programme. The Municipality committed R30 000 towards this project.

- ***Life Skills Programmes***

The following life skills programmes took place from 3 May 2011 until 6 May 2011:

Date	Topic	Facilitator	Organisation/ departments
3 May 2011	CV writing and interview Tips	Terence Barnardo	Department of Labour
4 May 2011	Introduction to computers	Leana Neethling	Leanco
5 May 2011	How to start a business	Romeo Losper/Ronald Wagner	REDDOOR
6 May 2011	CV Typing and Meet the Sharks programme.	MBM	Mossel Bay Municipality

- ***Mossel Bay’s Got Talent***

The second Mossel Bay’s Got Talent show to be organised by the Municipality commenced in May 2011 with auditions across the Mossel Bay municipal district and concluded with the final in the Sao Bras Secondary School hall on 16 June 2011. A total of 167 youths participated in the event. They competed for a first prize of R20 000. The theme for this year’s programme was “Young People Claiming Responsibility for their Own Development”. The final was attended by 1 600 people, including the Executive Mayor and Councillor Venolea Fortuin.

- ***South African Youth Council***

The Youth Officer of the Municipality attended the Annual General Meeting and Conference of the South African Youth Council in Cape Town in November 2010 as a member of the delegation of the Eden District Youth Council. She was nominated as one of the additional members of the Provincial Executive Committee of the South African Youth Council for the Western Cape.

6.2.7 PUBLIC PARTICIPATION

PRIVATE SETTLEMENTS PROJECT

An initiative of the Executive Deputy Mayor, the objective of the project was to determine the status quo of the current land ownership on rural settlements. The following rural areas were visited:

- Friemersheim.
- Vleesbaai.
- Herbertsdale.
- Kleinberg.
- Bartelsfontein.
- Brandwag.
- Jonkersberg.
- Ruitersbos.

The Private Settlements Report by Sauls and Associates was adopted by Council.

WARD COMMITTEE SYSTEM

The Municipality established itself as a leader in the Western Cape with regard to the implementation of the Ward Committee system.

This was evidenced by the invitation to the Speaker of Council to do a best-practice presentation in March 2011 at the Provincial Speaker's Forum on the implementation of the Ward Committee system at the Municipality.

While Ward Committees were established in only 10 of the 12 wards prior to the general municipal elections in May 2011, Ward Committees were established in all 14 wards after the elections. The number of wards in Mossel Bay was increased to 14 in line with the enlargement of Council from 23 members to 27 members.

6.2.8 TOURISM

The Municipality's responsibility for tourism, a major contributor to local economic development, was performed on its behalf by Mossel Bay Tourism, a Section 21 company and the Local Tourism Organisation (LTO) for Mossel Bay, based on service level agreement.

Mossel Bay Tourism received a grant of R2,6 million from the Municipality for the 2010/2011 financial year. The Municipality as well as Council is represented on the Mossel Bay Tourism Board.

MARKETING ACTIVITIES

The following activities were undertaken by Mossel Bay in the year under review:

- In August 2010, the Mossel Bay Tourism Board accepted a proposal to change its slogan of 'No Hurry, No Worries' to 'Mossel Bay, Do Stuff.' A 'Things To Do' brochure was developed accordingly and proved to be very popular, particularly at tourism shows and exhibitions in which Mossel Bay Tourism participated.
- Personnel of Mossel Bay Tourism attended several tourism shows domestically and internationally in the 2010/2011 financial year. These were:
 - The Getaway Show in Gauteng in September 2010.
 - The Cape Outdoor Show at Bien Donne farm between Paarl and Franschhoek from the 1st to the 3rd of October, 2010. Mossel Bay exhibited on the Eden District Municipality stand, which was shared with Calitzdorp, Ladismith and Plettenberg Bay. The stand won a Silver Award for design. As none of the other towns on the stand appeared to have a DVD, the Mossel Bay DVD played continuously throughout, and attracted much attention.
 - The Big Five Road Show in Italy. This show was organised by SA Tourism, and took place from the 15 to 19 November 2010. This covered the cities of Naples, Rome, Bologna, Padua and Milan.
 - The Vakantiebeurs in Utrecht, Netherlands, from 11 January 2011 to 16 January 2011. This 6-day-long show attracted 122 000 visitors.
 - The SA Tourism Fundi Workshop in Woerden, Netherlands. This show took place immediately after the Vakantiebeurs.
 - The Beeld Holiday Show, which took place at the Gallagher Convention Centre in Gauteng from 11 to 14 February 2011.
 - The Getaway Show March, which returned to the Cape after an absence of six years, and took place at Lourensford Wine Estate in Somerset West from the 25 to 27 March 2011.
 - The H.ITB, which took place from 9 March 2011 to 13 March 2011 in Berlin, Germany. This show is still the world's largest travel trade show. It takes up 26 massive halls in an exhibition area that exceeds 160 000m². This year it attracted more than 170 000 visitors who were responsible for placing more than 6 billion Euros worth of business with 11 163 exhibitors from 188 countries.

- The German Road Show through Germany immediately after ITB. The show took place from the 14 March 2011 to 18 of March 2011.
- The annual Indaba presented by SA Tourism, which is South Africa's biggest tourism trade show. It took place from 7 May 2011 to 10 May 2011 in the Nkosi Albert Luthuli International Convention Centre (ICC) and the Durban Exhibition Centre (DEC). Mossel Bay Tourism, which this year took its own stand in the Western Cape section of the DEC. The reasoning behind exhibiting alone rather than one the Eden District stand was so that we would preserve our brand identity. The Eden Stand does not allow separate branding.

Mossel Bay Tourism's media consultant who works for the Indaba Daily News, which is a glossy, A3 magazine that's printed daily and distributed on every morning of the show he was able to influence our position in the publication, which this year carried two feature articles about Mossel Bay ('Mossel Bay is SA's Sailing Centre'; 'The place to be to see whales and dolphins').

- The World Corporate Golf Challenge, which took place at Simola Golf Estate in Knysna from the 4 May 2011 to 8 May 2011. The Eden District Municipality acted as host to the event.
- The Gartour (Garden Route Tourism Marketing Association) Workshop that was held at the Balalaika Hotel in Sandton on the 8 June 2011. It attracted more than 120 representatives from companies such as Welcome Tours, Tourvest, Royal African Discoveries, Thompson's Tours, Your Africa, and Mile High Tours. A number of professional conference organisers and representatives of South African Tourism also attended. The fact that the entire Garden Route and Little Karoo were presented as a single destination was particularly important. The Western Cape Minister of Finance, Development and Tourism, Mr Alan Winde, noticed that Mossel Bay was leading from the front in this regard, and he later sent Mossel Bay Tourism an e-mail congratulating them on working together as a team.
- Five domestic tourism workshops were attended during this financial year. All of these workshops are organised by the well-known private sector company, Travel People, and all have a similar format: delegates are allowed 7 minutes at each exhibitors' table, during which time the exhibitor must explain his or her product, and provide the delegate with marketing material. In the case of Mossel Bay brochures and multimedia information CD's). The workshops were held in Cape Town (2 June 2010), Johannesburg (12 October 2010), Durban (13 October 2010), East London (26 October 2010) and Port Elizabeth (27 October 2010).
- A joint marketing campaign with Thompsons Holidays. The campaign took place from June to October 2010, and aimed to increase traffic to Mossel Bay by
 - Increasing Thompsons' sales to Mossel Bay in an off-peak period;

- Highlighting Mossel Bay's weather (which makes Mossel Bay a perfect destination at any time of year);
- Highlighting Mossel Bay as a gateway to exploring the Garden Route and Little Karoo;
- Highlighting the number of things available to do in Mossel Bay (in accordance with the 'Do stuff' campaign);
- Increasing the visibility of Mossel Bay as a domestic destination.

For a once-off payment of R100 000, Thompsons included Mossel Bay in a large number of advertisements and public relations activities. These included:

- Newspapers, trade magazines and sales flyers;
- Electronic media (online packages and e-mailers to leisure and travel trade databases);
- Broadcast via Classic FM; and
- Outdoor banners.

MARKETING MATERIAL

Brochures - Self Catering

This brochure was revised and reprinted in March, and, like all Mossel Bay Tourism's publications, is also available as a downloadable pdf from the web site. The format was changed this year from an A1 foldout to a DL booklet, and this has allowed Mossel Bay Tourism to provide more useable information than before. After the 'Things To Do' brochure, this is consistently Mossel Bay Tourism's most popular publication at local travel shows.

Brochures - Cycling

With more and more races appearing on the calendar, Mossel Bay is becoming a popular cycling destination. Mossel Bay Tourism therefore decided to support the work of the local cycling clubs with a handy, foldout brochure and map of the suggested cycling routes in the area. The 'Cycling in Mossel Bay' brochure was therefore published in May 2011.

Brochures - Things To Do

It was decided to upgrade and expand the 'Things To Do' brochure from an A2 foldout brochure to a 28-page DL booklet with a four-page fly-out on the back cover to accommodate more comprehensive information, an area map, itineraries and colour-coded distance charts.

The new brochure was launched in October 2010, and was snapped up so quickly that it was necessary to reprint it in January 2011 and again in April 2011. Like most of our brochures, it is distributed at the tourism information office, via Mossel Bay Tourism members and through Mossel Bay Tourism's contract with Brochure Management Services, which sees to distribution of marketing material throughout the Western and Eastern Cape.

This is without a doubt the most successful printed marketing tool Mossel Bay Tourism has ever produced.

Brochures - The Post Office Tree, The Caravel, and Mossel Bay's Museums

This brochure was published in February 2011 as part of Mossel Bay Tourism's ongoing support for the local museums, and the Dias Museum Complex in particular. This brochure therefore represents a departure for Mossel Bay Tourism in that it is more of a guide than a sales tool, but, as with all the other publications, it fits neatly into the 'Do Stuff' campaign.

Video

Because the 3- and 12-minute video tours were shot during winter 2010, many of the all important beach scenes were missing. Additional footage was therefore shot during the summer holidays and the videos were re-edited to the same length. The staff use these videos at all presentations and workshops, and they have been integrated into the multimedia CD that is presented to tour operators, agents and the media.

PUBLIC RELATIONS AND ADVERTISING

Media Releases and Feature Articles

Public Relations are an ongoing part of Mossel Bay Tourism's work, and in the 2010/2011 financial year, the media consultant prepared 87 media releases and 29 feature articles for publication.

The media releases are distributed to the consultant's database of nearly 900 members of the media, to Mossel Bay Tourism's members and to about 450 other people in Mossel Bay. The feature articles are written for specific publications that request material, and often accompany advertisements that Mossel Bay Tourism has bought and paid for.

Advertising - Print and Web

The Mossel Bay Tourism advertising campaign is all about 'Mossel Bay. Do Stuff.' Print advertising is enormously expensive, but Mossel Bay Tourism capitalises on its limited advertising budget by taking advantage of last minute offers, and by arranging with publishers to place accompanying feature articles for maximum effect. Mossel Bay Tourism placed 46 adverts in this financial year.

Radio advertising

Like print advertising, radio is also very expensive, but Mossel Bay Tourism did run a campaign on Radio Sonder Grense in the lead-up to the 2011 April school holidays. These advertisements were placed strategically to take the best advantage of the available budget, and supported our 'Do Stuff' campaign by highlighting the many attractions and activities on offer in the town.

Website

The Mossel Bay Tourism (www.visitmosselbay.co.za) website is updated and maintained consistently, with the result that it ranks first in almost every Google search for Mossel Bay. Data for the first six months of 2011 (representing the period from which the changeover to a new host took place) prove the following:

Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2011*	4	7	11	11	380,84 KB
Feb 2011	6,552	12,007	62 486	44 587	6,7 GB
Mar 2011	7 861	14 923	17 439	659 532	12,04 GB
Apr 2011	6 942	13335	74 731	487 403	7,29 GB
May 2011	6 775	13 655	7 794	482 445	7,19 GB
Jun 2011	6 457	12 033	69 527	452 333	7,56 GB

** January figures are low because of the late date of the transfer to a new host for the website.*

The new host reports that the site is consistently in the top three performers amongst his clients in terms of bandwidth usage, which is an indication of the popularity of the site. The top 15 source countries are:

	Pages	Hits	Bandwidth
South Africa	5 060	49 137	675,76 MB
United States	1 221	5 361	123,05 MB

	Pages	Hits	Bandwidth
Great Britain	647	4 239	76,94 MB
Germany	423	1 878	33,20 MB
Hong Kong	326	394	16,98 MB
European countries	190	906	14,77 MB
Turkey	155	268	8,22 MB
Saudi Arabia	155	832	13,99 MB
Australia	90	1 296	20,5 MB
Spain	86	212	5,33 MB
Italy	79	1 245	10,01 MB
Netherlands	71	810	10.41 MB
Canada	67	640	7,53 MB
China	64	274	9,88 MB
France	57	727	22,28 MB

The website is indeed Mossel Bay's most powerful and cost effective marketing tool.

DEVELOPMENT

Heritage Brochure

This heritage brochure – ‘Explore Mossel Bay on Foot’ - was reprinted. It is hugely popular with visitors, as they want information that will help them fill their time productively while they are in Mossel Bay.

Craft Art Workshop

The Craft Art Workshop is the largest of Mossel Bay Tourism's development projects. It provides employment and is an outlet for the sale of products of interest to tourists. It also provides pillow gifts and other corporate gifts, which are unique to Mossel Bay, and it provides important skills transfer and training.

This year, Mossel Bay Tourism, which offers management support to the Workshop, also upgraded the facilities by renovating the bathrooms, and painting the interior of the centre.

The Craft Art Workshop has begun holding regular art and craft markets and it plans to apply for permission to hold street markets at night during the September and December holidays. The Centre has begun opening its doors to training of groups of schoolchildren in various arts and crafts.

6.2.9 SUPPORT SERVICES

The Support Services Sub-Directorate renders a secretarial service to Council and support services to the organisation as a whole. It is sub-divided into the following sections and is managed by the Head: Support Services:

- Secretariat.
- Typing.
- Archives and Workflow
- Switchboard.
- Security Services in and around main building
- Cleaning and Gardening.
- Informal Trade.

SECRETARIAT

The Secretariat is comprised of two Administrative Officers and is supervised by a Senior Administrative Officer. During the period under review, secretarial services were rendered in respect of:

	2008/09	2009/10	2010/11
Special Council Meetings	10	10	8
Ordinary Council Meetings	3	9	10
Standing Committee Meetings	40	40	55
The number of recommendations made to the Executive			

	2008/09	2009/10	2010/11
Mayoral Committee by the respective Committees were:			
• Technical Services Committee	199	177	141
• Community Services Committee	86	94	71
• Financial Services Committee	140	99	73
• Corporate Services Committee	65	91	44
TOTAL	490	520	412

After the local municipal elections, which took place on 18 May 2011, the number of Councillors for the Mossel Bay Municipality increased from 23 Councillors to 27 Councillors. The Council of Mossel Bay Municipality was constituted on Monday, 30 May 2011, with a total of 6 Councillors appointed to serve on the Executive Mayoral Committee.

The Executive Mayor, Alderlady Marie Ferreira, decided to redefine and reconstitute the various portfolio committees to be aligned with the strategic vision of Council and as well to ensure optimal functionality of these committees in the quest to accelerate the pace at which services are delivered. The following portfolio committees were established under the chairmanship of the Councillors mentioned hereunder:

- **Technical and Tourism Services Committee**
Chairperson: Alderman E Scheepers.
- **Financial, Human Resources and Legal Services Committee**
Chairperson: Alderman J van der Merwe.
- **Housing Committee**
Chairperson: Councillor J C Bayman.
- **Community Services Committee**
Chairperson: Councillor Ms S Moodie.
- **Social Services and Local Economic Development Committee**
Chairperson: Councillor Ms V Fortuin.

The first official sitting of these committees took place on 15 June 2011.

	2010/11
The number of recommendations made to the Executive Mayoral Committee by the respective Committees were:	
• Technical and Tourism Services Committee	17
• Financial, Human Resources and Legal Services Committee	14
• Housing Committee	1
• Community Services Committee	10
• Social Services and Local Economic Development Committee	6
TOTAL	48

The Municipality annually invites tenders for interpretation and translation services. Interpretation services are rendered from Afrikaans to IsiXhosa, and vice versa, during Council and committee meetings and any other official event which requires the service of an interpreter. It can be mentioned with pride that two interpreters have been appointed, of which one is a disabled women. Tenders for document translation have been awarded to three women who are responsible for translation from Afrikaans to English, and vice versa and an African male who translates from Afrikaans English to IsiXhosa, and vice versa.

Executive Mayoral Decisions

Over and above the abovementioned, the following are statistics for the Executive Mayoral decisions taken during the year:

2008/2009	2009/10	2010/11
63	44	39

Photo copies

The statistics in respect of photo copies made for meetings of Council and Committees of Council are:

2008/2009	2009/10	2010/11
2 000 969	2 092 608	1 662 186

TYPING

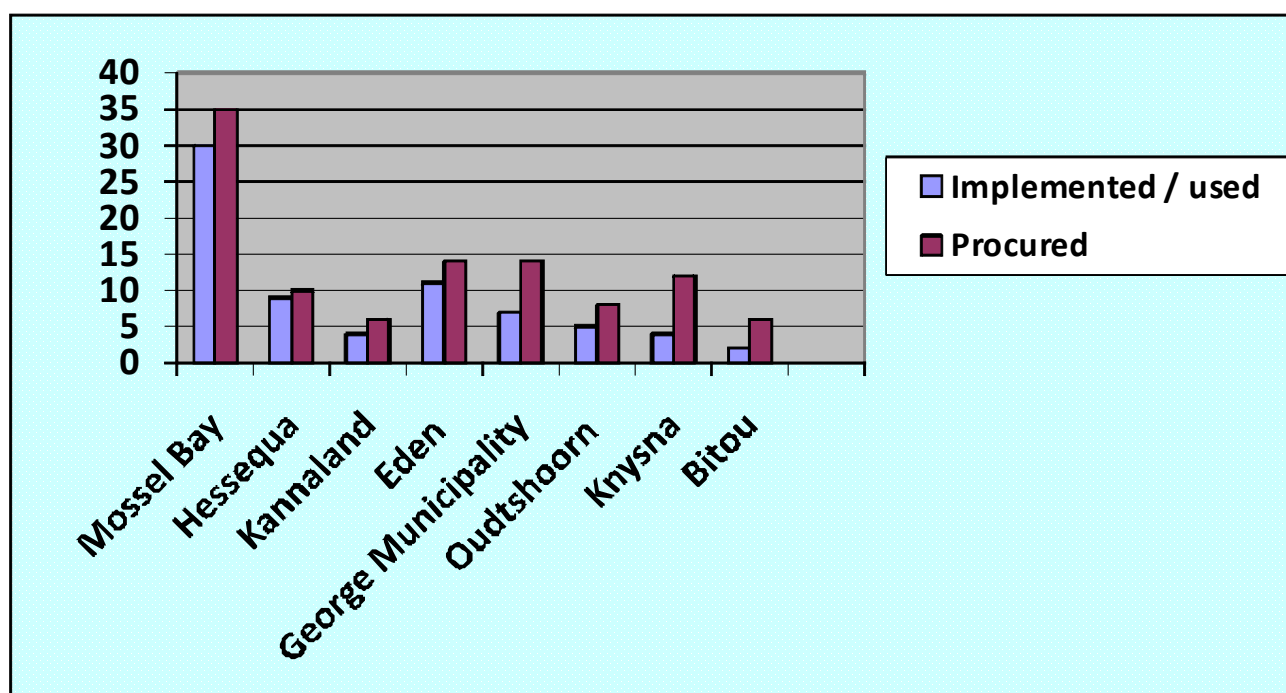
The typing pool comprises of two typists and a head typist that do the typing of all minutes of Council and Committee meetings and official correspondence of Directorates situated in the main municipal building. The typing pool is also responsible for liaising with external service providers that do document translation. All documents that need to be translated in one of the three official languages of the Western Cape are sent via the typing pool to the relevant service provider. The typing pool is also responsible for regular follow-ups with these service providers to ensure that documents get translated within the specified timeframe.

ARCHIVES AND WORKFLOW

The archive is staffed by three registry clerks and one supervisor. The Collaborator system, the archive management system for a proper document and workflow, is functioning well.

During the past three years several features were added to the Collaborator system.

The following table and graph gives an indication on the processes implemented in relation to processes procured by the Municipality.



Mossel Bay	Process	Modeling	Demonstration	Training	
Correspondence Management	100%	100%	100%	100%	Completed
Memorandums	100%	100%	100%	100%	Completed
Customer Care	100%	100%	100%	100%	Completed
Decision Management	100%	100%	100%	100%	Completed

Supplier Management	100%	100%	100%	100%	Completed
Contract Administration	100%	100%	100%	100%	Completed
Personnel Contracts	100%	100%	100%	100%	Completed
MFMA Compliant Webpage	100%	100%	100%	100%	Completed
SCM Requisitions	100%	100%	100%	100%	Completed
Personnel Appointments	100%	100%	100%	100%	Completed
Personnel Transfers	100%	100%	100%	100%	Completed
Employment Termination	100%	100%	100%	100%	Completed
Probation Assessment	100%	100%	100%	100%	Completed
Leave Management	100%	100%	100%	80%	Training/August 2011
Burial Management	100%	100%	100%	100%	Completed
Booking System Town Halls/Library Halls/Sports facilities	100%	100%	100%	100%	Completed
Booking Resorts (Accommodation)	100%	100%	100%	90%	Final Implementation In Progress
Building Management	100%	100%	100%	100%	Completed
Building Inspections	100%	100%	100%	100%	Completed
Asset Purchasing	100%	100%	100%	100%	Completed
Asset Transfers	100%	100%	100%	100%	Completed
Asset Disposal	100%	100%	100%	100%	Completed
Informal Disciplinary Hearings	100%	100%	100%	100%	Completed
Formal Disciplinary Hearings	100%	100%	100%	100%	Completed
Insurance New Assets	100%	100%	100%	100%	Final Session
Insurance Third party Claims	100%	100%	100%	100%	Completed
Insurance Council Claims	100%	100%	100%	100%	Completed
Client Contracts	100%	100%	100%	100%	Completed
Service Level Agreements	100%	100%	90%	90%	In Progress
Internal Service Request	100%	100%	100%	100%	Completed
Public Service Request	100%	100%	100%	100%	Completed
Personal Files	100%	100%	100%	100%	Completed
Policies and Procedures	100%	100%	100%	100%	Completed
SMS Messaging	100%	100%	100%	100%	Completed
Technical Projects	100%	100%	100%	100%	Completed

- **User Training**

A total of 464 users received formal Collaborator functionality and process-related training during the last financial year. This total excludes ad-hoc training, user support and user administration activities performed at the Municipality.

New Users - Training per month

Jun	Jul	Aug	Sep	Oct	Nov/Dec	Jan	Feb	Mar	April	May
28	17	14	6	11	21	15	20	11	7	23
TOTAL										173

New Process Implementation Training

Process	Amount of Users Trained
SharePoint Training	107
Customer Care/Public Service Requests	34
Insurance Management	32
Asset Management	76
Informal Disciplinary Hearing	42
TOTAL	291

- **New Reports Implemented**

A large number of new reports were implemented to support measure and ensure maintenance of the implemented processes.

Supply Chain Management Reports	Service Request Management
Statistical Requisition Tasks Performed	Active Internal Service Requests per Department
Supplier Tax Clearance Expiry Report	All Active Service Requests per Department
Requisition Count Per User	All Completed Service Requests per Department
WIP Requisitions by Owner	Eden Call Centre Service Request customization
Requisition Count By Dept Per Period	Eden Call Centre Service Requests
SCM Monthly Ratios per Department per Period	SMS Verification Report - Service Requests
Annual Deviation Detail Report	Total Service Request Per Type By Eden Call Centre

Awarded Orders Report	Total Service Request Per Type Per Department
Department CLEANUP	Total Service Requests Per User Per Department
Deviation Detail Per Created By	
Deviation Detail Per Type	
Deviation Detail Report	Insurance Management
Deviation Matrix Per Created By	Registered Council Claims
Deviation Matrix Per Recommended Supplier	Registered Third Party Claims
Deviation Matrix Per Type	
Monthly Quotation All Requisitions	Asset Management
Monthly Quotation Customization Report	All Pending Assets Per Department
Monthly Quotation Per Recommended Price	
Monthly Quotation Report	
Monthly Quotations Per Department Per Approval	Building Control
Monthly Quotations Per Recommended Supplier	Activity Follow-Up on Approved Building Plans
Monthly Quotations per Recommended Supplier	Building Approved Report
Recommended Supplier Rotation Report	Building Control Turnaround Time
Requisitions No Outcome	
Service Level Agreements	
Scorecard	
SLA Related Records	
SLA Status	
Human Resources	
Misconduct History per Employee	
Monthly Scheduled Terminations	

- ***Implementation Highlights***

Supply Chain Management Requisitions

Users in all departments received training and the system is now used on a daily basis. A large number of Requisition, Supplier and Quotation Reports were created to monitor this process and to ensure statutory requirements and best practices as stipulated in the Municipal Finance Management Act, No 56 of 2003, are adhered to.

Informal Disciplinary Hearings

User training was done and all Directors, Section Heads and Line managers attended. The Misconduct Database (History of Disciplinary Actions) was imported into Collaborator and available for reference.

Formal Disciplinary Hearings

Applicable users in the Human Resources Department received training and are utilising the process. All templates associated with this process were incorporated into the system.

Insurance Management

This process is now fully operational. Formal training was given to all applicable users. Since, a few changes have been requested and amendments were made.

Asset Management

Processes to manage accusation, transfer and disposal of assets were implemented. Users in all departments received training and this process is utilised on a daily basis.

- **Pending Implementations**

The following applications were pending at the end of the 2010/2011 financial year:

Leave Management

Confirmation on the planned implementation date was awaited from the Human Resources Department.

Holiday Accommodation

Meetings were held to discuss the further implementation of holiday accommodation with specific reference to the application process. The client database (frequent users) was imported from the previous booking system. Currently Collaborator bookings are being made parallel with their old program to ensure that the process flow is correct.

Service Level Management

Modelling of this process is currently in progress. The first concept demonstration was held. However, integration with the Ignite system still needs to be completed.

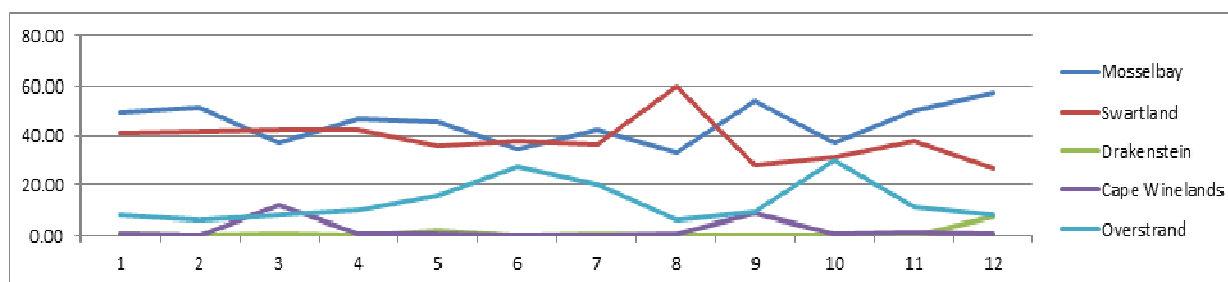
- **Collaborator Usage Comparison**

The following graphs were added to indicate the use of the Collaborator system to compare Mossel Bay with other top-performing municipalities...

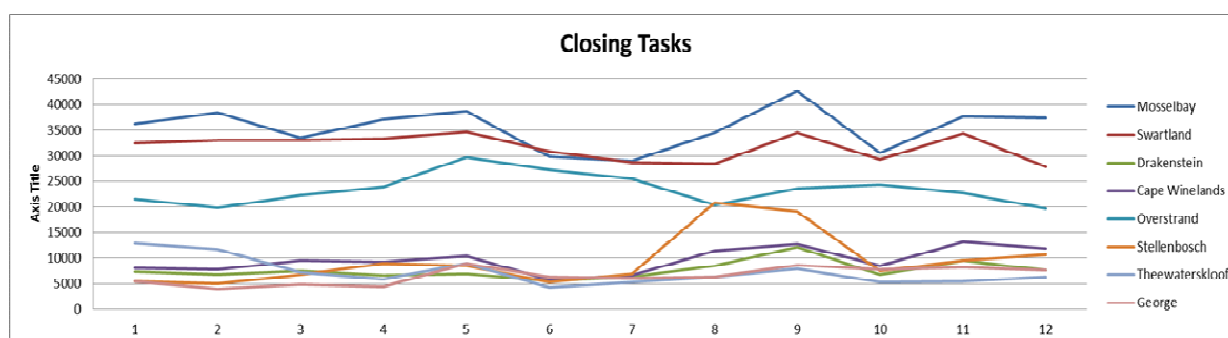
The graphs also give an indication of the process capability maturity of the Municipality, in other words, the ability of the Municipality to implement, measure, monitor, maintain and improve processes.

General Use

*Index = [Records Created] x [Users] x [Tasks Created] x [Tasks Closed]



Amount of Assigned Tasks Closed



Records Types Registered

The following records types were registered during the past three years on the Collaborator system:

Records Type		2008/09	2009/10	2010/11
Correspondence	Correspondence (In)	16,849	16,754	33,603
	Correspondence (Out)	4,751	3,715	8,466
	Internal Service Request / Works Order	254	228	482
	Memorandums	1,043	1,032	2,075
	Receival Notifications	441	76	517

Records Type		2008/09	2009/10	2010/11
Decision Management	Agenda	21	18	39
	Item Attachment	32	69	101
	Items	774	680	1,454
	Minutes	65	28	93
CRM	Service Request	63	1306	8,185
Library - Policy/Forms/Documents	Documents	8	4	3
	Policies		76	3
	Publications	-	10	1
	Templates	-	17	56
Building Control	Building Application Notifications	734	1 116	618
	Building Control Files	15 555	2 474	2 000
	Building Inspections	13 734	1 944	7 017
	Building Plan Applications	16 179	5 608	3 931
	Building Plan Receipts	1 347	1 644	1 894
	Final Building Plan	33 684	4 417	1 753
	Initial Building Plan	121	1 782	1 924
	Supporting Document	2 171	3 267	2 862
	Supporting Documents: Building Inspections	-	36	739
Supply Chain Management	Advertisements	38	-	177
	Purchase Order	105	2 248	8 347
	Requisition	287	2 616	8 835
	Scorecard	42	25	156
	Supplier File	1 538	444	328
	Supplier Information	539	1 371	1 234
	Supplier Notifications	-	-	2 667
	Supplier Record	1530	441	304
	Verbal Quotations	121	1 154	190
Contract Management	Contract	-	643	715
Human Resources	Appointment Letter	152	56	104
	Benefits	52	46	76
	Disciplinary Matter	-	-	275

Records Type		2008/09	2009/10	2010/11
	Disciplinary Matter Notification	-	-	139
	Induction Form	51	44	21
	New Appointment	123	67	107
	Personnel Files	102	1 525	102
	Personnel Transfers & Terminations	3	1	139
Holiday Accommodation Management	Accommodation Application	5	1	12
	Arrivals	154	391	439
	Holiday Accommodation Client Information	-	-	1 136
	Holiday Accommodation Reservation	67	26	27
Burial Sites	Birth Certificate	3	7	5
	Burial Order	29	171	275
	Burial Site Files	179	13 170	300
	Death Certificate	26	162	236
	ID Document	26	165	235
	Police Statement	10	66	117
Venue Management	Venue Reservation	110	105	104
Sport Venue Management	Accommodation Application	5	1	12
Service Agreement	Service Agreement	-	-	7
Asset Management	Movable Asset Donation Notice	-	-	18
	Movable Asset Received Notice	-	-	211
	Movable Asset Transfer Notice	-	-	50
Technical Projects	Technical Projects	-	-	3
Insurance Management	Insurance	-	-	73
Service Level Agreements	Service Level Agreement	-	-	5
	SLA Assessment	-	-	16
	SLA Deliverable	-	-	11
	SLA Deliverable Action	-	-	6
	SLA Deliverable Action Feedback	-	-	9
	SLA Deliverable Assessment	-	-	36

SWITCHBOARD

The section renders switchboard services to the organisation during office hours. Statistics of calls received or made are as follows:

2008/2009	2009/10	2010/11
741 952	1 164 259	1 211 715

The Eden District Call Centre is now fully operational for the past two years and effectively handled all municipal-related enquiries after hours. Residents are now used to the service rendered by the Call Centre and frequently make use of it to report their complaints. The Call Centre is situated at the Eden District Disaster Management Centre and handles all emergency and municipal service related call after hours and during weekends.

It receives an average of 2 635 calls per month, with an average to response time of 4 to 6 seconds per call.

CLEANING AND GARDENING

This section provides daily cleaning services at nine of the buildings housing personnel across the municipal area. It also takes care of the grounds and gardens at the main building. Mossel Bay was declared a disaster area as a result of the drought, which also affected gardening services because of the strict water restrictions that were imposed. The gardens around all municipal buildings deteriorated but are now blossoming again followings the good rains that ended the drought.

SECURITY SERVICES

Security services in and around the main municipal building are taken care of by three qualified experienced security officers. Access control at the two entrances is executed at all times by registering and scanning all visitors with one officer doing routine patrols around the building and parking areas. Walk-through metal detectors were placed at the two main entrances to ensure that no person with dangerous goods and weapons enters the building. Surveillance cameras have also been installed in the Council Chamber and are closely monitored during Council proceedings.

6.2.10 RED DOOR

The Municipality continued to make use of the RED Door organisation in its quest to stimulate SMME development in Mossel Bay. Nine businesses were assisted with aspects such as business advice, training, networking, business registration and the drawing up of business plans, marketing, tender applications and obtaining loans. The interaction with the organisation was managed directly by the Director of Corporate Services.

6.3 Development and Planning

DIRECTOR: C A MÖLLER

6.3.1 INTRODUCTION

The Directorate of Development and Planning was established as a Directorate in December 2008. As from 1 March 2010 the Sub-Directorate Human Settlements was transferred to the Directorate and in January 2011 a Legal Support function was established within the Directorate.

The Directorate is responsible for all development and planning aspects within the Mossel Bay municipal area, with specific reference to the following:

- Strategic planning and development control
- Building control (building plan examining and building inspectorate), maintenance of municipal buildings and outdoor advertising
- Human settlements (housing) and environmental management
- Legal support and lease/alienation of municipal properties

6.3.2 OVERVIEW

In order to deal with the development objectives, challenges, development activities and strategies, as contained in the 2010/2011 Integrated Development Plan, the Mossel Bay Municipality was successful in dealing with the majority of set targets.

With regards to strategic planning 3 precinct plans have been approved during the period under review, namely the Louis Fourie Corridor Study, the Hartenbos precinct plan and the Da Nova precinct plan.

These precinct plans will serve as guidelines for future development in those areas. Land was identified for a variety of land uses, namely a restructuring zone for integrated housing, middle-income housing, hospital, cemetery, environmentally sensitive areas, residential, sport and recreation facilities and business and commercial land uses.

A CBD Renewal Committee and a Development Forum was established to interact with role players in this regard.

The zoning map for Mossel Bay was updated and captured in electronic format.

Council approved an update of the Urban Edge, as contained in the Spatial Development Framework (SDF), during the period under review and all development applications are assessed into these parameters.

Regarding the provision of human settlements (housing) the biggest challenge is still the fact that the Mossel Bay Municipality had a housing need database (waiting list) of 12 840 at the end of June 2011, while the current annual DORA-allocation from the National and Provincial Housing Departments for the 2010/2011 financial year was a mere R18,7 million.

An additional amount of R12,2 million was subsequently approved at the end of 2010. This additional amount enabled the Municipality to commence with the provision of infrastructure in Friemersheim for a 200-home development, as well as rectification of 13 homes in Kiewit Street. Planning for the Asazani/Izinyoka project has also commenced.

This project will eventually provide homes to nearly 1 100 households. However, the DORA allocation of R41,6 million for the 2011/2012 financial year is totally insufficient to deal with the housing need database of 12 840.

All human settlement (housing) is taking place in accordance with the approved Integrated Sustainable Human Settlement Plan and Strategy, which was approved by Council in the year under consideration. 621 consumers were trained as part of the Homeowner Consumer Education programme.

A middle-income housing project, consisting of 64 erven, was approved by Council and all erven have been sold.

The development of retirement villages was incorporated in the Strategic Plan of the Municipality and a Resolution was taken to sell an erf in Heiderand for the development of a retirement village.

6.3.3 STAFF COMPLEMENT

The staff complement of the Directorate is as follows:

- Director
- 3 x Heads of Sub-Directorates: Planning, Building Control and Human Settlements
- Legal Adviser
- 3 x Town Planning officials
- 2 x Section Heads: Plan Examining/Building Inspectorate and Human Settlements
- 1 x Environmentalist
- 6 x Building Inspectors
- 2 x Plan Examiners
- 2 x Building Technicians
- 1 x Outdoor Advertising Technician
- 12 x Administrative staff

6.3.4 OVERVIEW OF SUB-DIRECTORATES

This Directorate manages the administration of the Technical Services and Human Settlement Committees of Council.

The daily administration of the Sub-Directorate Town Planning includes applications for the following land use changes: departures, rezoning, removal of restrictive conditions, subdivisions, consent uses, site development plans and building line relaxations.

Requests for zoning certificates, as well as town planning information, are also being dealt with. In the 2010/2011 financial year a total of 554 land use applications were received by this office, compared to 578 applications in 2009/2010.

The Sub-Directorate Building Control, Outdoor Advertising and Municipal Buildings is responsible for the administration of approval of building plans, building inspections, maintenance of municipal buildings and outdoor advertising. It delivers a wide variety of services to the general public and developers.

Due to the further worldwide decline in economic activity, the extent and size of larger developments have continued to decrease, but enquiries from the public on the selling and availability of land for development and applications for other land use changes, such as the relaxation of building lines and subdivisions, have remained static.

Officials from the Directorate also attended to the usual process of tender documents and the documentation required for public participation processes in order to alienate various identified municipal properties and portions of land for which applications have been received.

Outdoor Advertising By-laws were promulgated in January 2010 and a Technician: Outdoor Advertising was appointed. These By-laws regulate the current proliferation of illegal outdoor advertising boards and applications in this regard.

The following is a summary of the progress on current housing projects in the municipal area that were managed by the Human Settlement Section in 2010/2011:

- ***Wolwedans, Great Brak River***

The contractor on site, Mellon Construction, is proceeding according to programme at this stage and the projected completion date is February/March 2012. 281 houses were handed to beneficiaries during the period under review. The first house was unofficially handed over to a beneficiary by the Minister of Human Settlements in the Western Cape, Minister Madikizela, on 18 August 2010 in a ceremony to coincide with Women's Month.

- ***Friemersheim***

The construction of infrastructure for 200 houses was nearly completed by 30 June 2011.

- ***Elangeni: KwaNonqaba***

Ninety per cent of the project, comprising of 327 units, is completed. The appointment of Thubelisha Homes was terminated by the Department of Human Settlements and approval was given to proceed with the balance of the project.

- ***Asazani / Izinyoka***

An Environmental Authorisation was issued for 1 077 erven. Installation of infrastructure will commence immediately in the 2011/2012 financial year.

- ***Emergency Housing/Rectification Projects***

Approval was obtained for the rectification of 13 houses in Kiewit Street and the project was completed in July 2011.

6.3.5 STATISTICAL INFORMATION

- ***Building Control***

The number of building plans approved over the past four financial years is given below:

	2008/2009	2009/2010	2010/2011
Number of building plans approved	957	1 614	1571
VALUE	R515 660 000	R522 470 000	R603 220 000

Although there was a slight decrease in the number of approved building plans, the value of the approved building plans showed an improvement of 16 per cent. This is indicative of the economic climate in the 2010/2011 financial year.

- ***Building Plans***

A breakdown of approved building plans is given below:

	2008/2009		2009/2010		2010/2011	
Type	Plans	Value (R' 000)	Plans	Value (R' 000)	Plans	Value(R' 000)
New residential buildings	234	276	370	278	774	476
Commercial buildings	37	96	32	53	32	118
Alterations and additions	685	127	1 212	191	765	127
TOTAL	957	515	1 614	522	1 571	603

- ***Buildings Completed***

The table below shows the number and value of buildings that were completed over the past three financial years.

	2008/2009		2009/2010		2010/2011	
Type	Completed	Value (R'000)	Completed	Value (R' 000)	Completed	Value (R'000)
New residential buildings	478	539	603	460	281	159
Commercial buildings	38	151	26	77	29	86
Alterations and additions	687	179	987	206	1069	210
TOTAL	1 203	869	1 616	743	1 379	455

There was a 15 per cent decrease in the number of completed buildings and a 39 per cent decrease in the value of completed buildings. This could be attributed to the effects of the still continuing economic downturn and people scaling down on new residential buildings.

- ***Housing Need Database (Waiting List) and Houses Built***

	WAITING LIST	NUMBER OF HOUSES BUILT
2008/2009	11 000	96
2009/2010	12 543	104
2010/2011	12 840	281

6.4 Financial Services

DIRECTOR: H F BOTHA

6.4.1 INTRODUCTION

The 2010/2011 financial year posed many challenges to the finances of the Municipality and the Financial Services Directorate in particular. Because of the very positive attitude and capacity of the staff members in the Financial Directorate it was, however, possible to properly manage and overcome most of the challenges in this Directorate.

The Directorate consists of the following Sub-Directorates:

- The Finance Sub-Directorate, which is mainly responsible for managing the budget, financial statements, asset register, investments, insurance, GRAP implementation, reporting to National and Provincial Treasury and the audit function.
- The Income Sub-Directorate, which is responsible for managing the rates and services accounts, meter readings, pre-paid electricity, debt collection, customer care, valuations, cash collections and related functions.
- The Expenditure Sub-Directorate, which is responsible for managing the creditors, salaries, cash book and bank, costing and budget controls.
- The Information Technology Sub-Directorate, which is responsible for managing the hardware, software systems and related functions.
- The Supply Chain Management Sub-Directorate, which is responsible for managing the processes with regard to purchases of all the services and materials. It includes the Stores Section.

6.4.2 OVERVIEW

As mentioned already, the successes in these Sub-Directorates are a function of a positive and competent staff complement whose actions are supported by computerised systems at every possible level of the financial administration. A description of all the challenges and key performance indicators of each section are given below. However, it is necessary to first touch on certain strategic and top-level indicators and challenges of the Directorate and the finances in general:

- The Financial Statements were completed before 31 August 2010. It is significant to report that the Financial Statements were GRAP compliant and that the Municipality received an unqualified audit report on these statements. All audit queries were dealt with on a satisfactory basis.
- Revenue collection over the 2010/2011 financial year was quite successful as a collection rate of 98,9% was achieved over the year. Bad debts to the value of R12,4 million were written off as part of the process of debt management.
- The indigent register is being updated regularly and a programme to audit these indigent records was introduced.
- The supply chain management regulations and policy were implemented successfully to such an extent that there were no successful appeals against the awarding of any tender. The bid committee system is also managed well in terms of the policy of the Council.
- The implementation of the asset register in terms of GRAP statements was quite successful. The administration also implemented a new asset register on the financial main frame. The transfer of information from the old spread sheet system to the new system was a big challenge but was done with minimal problems. Additional systems were also implemented to ensure the correct recording of all assets purchased during a financial year.
- The timeous completion of the budget was also a challenge as the period for completion was shortened due to the elections which took place in May 2011. This was done in time as the final budget was approved on 3 May 2011.
- One of the main concerns in the 2010/2011 budget year was the drought and its negative impact on the income of the Municipality. The actual income from water sales was R21,5 million (25,7%) less than the original budgeted figure. The Municipality had to reduce many expenditure items in the operational budget, which obviously had an effect on service delivery. The reduction in expenditure levels could, however, be managed without it having a serious impact on service delivery levels. Some of the main reasons for this success were the strict financial discipline and controls over expenditure levels.
- Some of the main challenges in the Financial Directorate in future will be the following:
 - Ensuring that financial discipline and control are maintained at the present level. This is essential to sustain the financial health of the Municipality.
 - The financing of future capital budgets is a concern as the main funding source of capital projects, namely the Capital Replacement Reserve (CRR), cannot maintain the present levels of capital finance. Unless it can be supplemented from other sources, such as the selling of land, the Municipality will become more dependent on external loans, which will again have a negative impact on tariffs.

- The main source of income is the rates and services levies. Investigations into tariff structures and the data base of rates and service charges must be an ongoing concern to ensure that the revenue base is protected.
- The building of capacity and the retention of existing capacity in the Financial Directorate is of the utmost importance for the future. The present staff complement is very competent but future vacancies at senior levels can have a negative impact on the sound finances of the Municipality.

The following is a synopsis of the performance of the various Sub-Directorates in the Financial Services Directorates:

6.4.3 INCOME

Overview

The main responsibilities of this Sub-Directorate are:

- Customer care, cash and sundry debtors management.
- Assessment rates section.
- Debt collection and credit control, including prepaid electricity administration.
- Valuations.
- Consolidated Accounts (Water, Electricity and Refuse removal).

This Sub-Directorate has 34 employees. The following are strategic objectives of the Income Section:

- To align the income department with the IDP objective encouraging customers receiving accounts to pay them on time.
- To broaden customer participation through proper customer education.
- To reduce outstanding debt.
- To provide a proper customer care system.
- To comply with the relevant legislation and the implementation of various policies.
- To create proper internal cash management and control systems.

Key Performance Indicators

The following Key Performance Indicators (KPI's) for 2010/2011 were, inter alia, of importance to render an effective and efficient service to the public:

- Timely delivery of correct and user friendly accounts: An average of 47 000 accounts with a newsletter attached, are posted or e-mailed monthly.
- Ensure that all correspondence and enquiries are answered as soon as possible: Ninety-eight percent of all correspondence and enquiries are answered within three working days. Only in very rare cases, where outside information must be obtained, will a response to a query take more than ten working days.
- Maintain customer care and front office systems: The front office system is maintained and upgraded continuously to ensure the best possible service and recording of information.
- Percentage of debtor's payments on time. Payment percentages of 98,9% were achieved for the period up to June 2011
- Managing of indigent records. An indigent register is kept and all indigent households are reviewed once a year.
- Monthly scrutinisation of all arrear accounts older than 90 days, to ensure efficiency of debt collection done by the collecting agent. Reasons for arrear accounts, received from the collecting agent, are investigated and accounts with no valid reasons such as arrangements entered into, legal actions taken, etcetera, are further investigated.
- Ensure correct meter readings in respect of water and electricity. After readings were taken pre-lists of all exceptions are printed and the premises are visited again to ensure that the readings are correct. Once all the readings and pre-lists are recorded on the system a final exception report is printed and where necessary the premises will be visited again to confirm the reading.
- Reporting of faulty meters to the engineers. Lists of faulty meters found are sent to the engineers on a monthly basis.
- Preparation and finalisation of valuations. Three interim valuations were done and finalised by 30 June 2011. As the General Valuation will come into effect on 1 July 2012 a lot of preparation, such as collecting information, transfer of deeds, comparing information between the different systems used, etcetera, were also done before 30 June 2011 to ensure that everything is in place and on schedule for the debit raising on the new valuations on 1 July 2012.
- Update of all consolidations and subdivisions of properties. All consolidation and

subdivision of properties are updated as soon as the information is received.

- Income embarked on an audit of all database inspections. Correctness of tariffs levied, personal details of clients and zoning of properties are being investigated and corrected. As this is an ongoing process it has also been identified as a financial checklist item which will be reported on annually.

Statistical Information

The following statistical information reflects some of the performance results in this section.

- ***Average Monthly Accounts***

	2010/2011	2009/2010	2008/2009
Monthly Accounts	47 000	45 000	44 000

- ***Average Payment Percentage***

	2010/2011	2009/2010	2008/2009
Payment Percentages	98,9	96,7	98

- ***Arrear Debt***

	2010/2011	2009/2010	2008/2009
Amount	R42 618 339	R39 529 647	R35 106 500

Irrecoverable Debts

In order to identify irrecoverable debt, an intensive investigation of all arrear debts older than 180 days was undertaken. Debt was written off in the following instances:

- Arrear debt of indigent households. Steps were also taken to prevent the debt from accumulating again;
- Irrecoverable debt on insolvent estates;
- Debt on inactive accounts where the debtor could not be traced or the amount was too small to justify further actions;
- Where house visits were made and it was found that the owner/occupier did not qualify for a subsidy but had no assets or means to pay the debt; and
- Where the debt was due to water leakages.

Although most of the debts older than 180 days have been addressed, there is always debt accumulating for reasons such as unemployment or people moving out without a forwarding address.

All the outstanding accounts are scrutinised monthly and a quarterly report of unrecoverable debt is presented to Council to consider writing off the debt.

Debts Written Off

The following table gives a breakdown of debts written-off over the past three years.

	2010/2011	2009/2010	2008/2009
Water	R3 585 635	R3 145 798	R4 309 029
Electricity	R214 182	R142 522	R173 823
Refuse Removal	R1 380 772	R1 523 286	R2 159 751
Sewerage	R6 266 828	R4 846 962	R6 552 606
Rates	R183 580	R197 352	R218 014
Debt Collection Costs	R639 446	R157 350	R359 225
Housing Instalments	R6 995	R3 620	
Sundry Debtors	R79 350	R39 952	R128 112
Total Debts Written Off	R12 410 790	R10 056 845	R13 900 563

Subsidies

The following two tables give a breakdown of the number and value of subsidies this Municipality has allocated to indigent and poor households in Mossel Bay. It must be noted that the indigent subsidies are financed from the Equitable Share, which the Municipality receives from the National Treasury. The subsidy in respect of poor households is financed from the rates and services accounts of other rate payers in the town:

The third table also includes the free basic services per household.

Indigent Households

	2010/2011	2009/2010	2008/2009
Households as on 30 June	6 303	6 912	7 121
Subsidy per household	R315,53	R286	R286

	2010/2011	2009/2010	2008/2009
Total subsidy for June	R1 988 785,59	R1 759 734	R1 754 523
Total subsidy for the year	R26 010 869,90	R20 759 261,75	R20 865 823,60

Poor Households

	2010/2011	2009/2010	2008/2009
Households	626	906	1136
Subsidy per household	R230	R180	R180
Total subsidy per month	R143 980	R146 680	R204 480
Total subsidy for the year	R2 243 595,60	R1 779 083,73	R2 340 682,12

Provision of Free Basic Services

	2010/2011	2009/2010	2008/2009
Number of indigent households	6 303	6 912	7 121
Electricity kWh per household	50	50	50
Kl water per household	6	6	6
Subsidy Basic Water	R92,32	R79,15	R79,15
Subsidy Sewerage	R145,62	R145,62	R145,62
Subsidy Refuse Removal	R77,59	R61,34	R61,34
Rand Value (total)	R2 653 973,80	R2 597 932,38	R2 613 153,22
Number of poor households	626	906	1136
Electricity kWh per household	20	20	20
Kl water per household	6	6	6
Subsidy Basic Water	R85	R70	R78,80
Subsidy Sewerage	R85	R80	R91,20
Subsidy Refuse Removal	R60	R30	R30
Rand Value (total)	R289 317,12	R221 741,69	R298 403,14
Number of economic households	20 411	19 157	9 354
Electricity kWh per household	20	20	20

	2010/2011	2009/2010	2008/2009
Number of indigent households	6 303	6 912	7 121
Kl water per household	6	6	6
Rand Value (total)	R884 419,82	R748 417,46	R669 661,15
Total of all the free basic services per month	R3 827 710,74	R3 568 091,52	R3 581 217,51

Pre-paid Electricity

There is a total of 33 487 electricity meters in Mossel Bay, of which 6 449 are credit meters and 27 038 pre-paid meters.

The total for pre-paid meters includes 568 pre-paid meters where Eskom is supplying the electricity and which consists of meters at Ruitersbos (34 meters), Friemersheim (103 meters), Brandwag (206 meters) Herbertsdale (143 meters) Toekoms (43 meters) and Buisplaas (39 meters). There are 400 indigent households in these areas. The Municipality pays Eskom to supply 50 free units of electricity monthly to each of these households.

The balance of 26 470 pre-paid meters are managed by the Municipality and the following statistics regarding sales, debt collected via pre-paid meters (auxiliary), units sold and free monthly units to households are based on these meters.

DATE	SALES	DEBT COLLECTED	VAT	UNITS KWH	FREE MONTHLY UNITS TO HOUSEHOLDS	FREE REPLACEMENT UNITS(*)
Jul 10	R5 399 121	R650 412	R756 048	6 830 193	562 600	75 088
Aug 10	R5 486 730	R591 139	R768 307	6 896 306	563 050	136 071
Sep 10	R5 231 037	R589 280	R732 489	6 602 378	565 050	151 159
Oct 09	R5 365 731	R637 965	R751 350	6 806 849	569 550	155 625
Nov 10	R5 206 914	R491 576	R729 088	6 574 545	571 630	33 312
Dec 10	R6 788 871	R545 729	R950 544	8 870 362	605 750	79 280
Jan 11	R5 610 356	R312 294	R785 573	7 266 664	591 050	16 744
Feb 11	R4 775 412	R312 212	R668 658	6 081 278	567 780	19 655
Mar 11	R6 002 999	R766 589	R840 536	7 596 733	572 640	37 593
Apr 11	R5 742 363	R715 627	R804 033	7 386 359	579 160	41 791
May 11	R6 207 866	R652 827	R869 213	7 839 657	567 500	20 840

DATE	SALES	DEBT COLLECTED	VAT	UNITS KWH	FREE MONTHLY UNITS TO HOUSE-HOLDS	FREE REPLACEMENT UNITS(*)
Jun 11	R7 346 070	R622 522	R1 028 561	9 282 838	573 050	15 726
Total 2010/11	R69 163 475	R6 888 176	R9 684 405	88 034 166	6 889 810	782 887
Total 2009/10	R59 083 340	R7 585 755	R 8 273 346	88 143 877	6 623 726	828 190
Total 2008/09	R49 632 856	R5 580 197	R6 949 763	90 807 569	6 298 970	232 283

(*) The free replacement units are for free units issued where a meter is replaced, faulty tickets and auxiliary collected after payment has been made. The big increase during 2009/10 and 2010/11 was mostly due the replacemeny of the old Plessey meters.

Policies

The following policies were updated and approved by Council during the 2010/2011 financial year:

- Tariff Policy.
- Rates Policy.
- Customer Care, Indigent, Credit Control, Debt Collection and Tampering Policy.
- Cash Management Policy which is included in the Cash and Investment Policy
-

6.4.4 FINANCE

Overview

The main responsibilities of this Sub-Directorate are financial recordkeeping, compilation of the Municipality's Annual Financial Statements, internal and external loans, asset management, cash flow, compilation of the budget, budget control, internal and external auditing and financial reporting to various stakeholders. This section also fulfils the important role of Budget and Treasury Office as prescribed by the Municipal Finance Management Act, No 56 of 2003 (MFMA).

Since the introduction of the Financial Management Grant (FMG) the Municipality was committed fully to the conditions of the grant by appointing interns to build capacity and secure sound and sustainable management of the fiscal and financial affairs of the Municipality. The Municipality has five interns, of whom two were appointed on 1 November 2010. The contracts of the other three interns will be extended with another year from with effect from 1 August 2011.

Key Performance Indicators

The following are the Key Performance Indicators (KPI's) of the Finance Sub-Directorate:

- Updating of the Asset Register
- Asset survey
- Compiling of Annual Financial Statements
- Compiling of Draft and Final Budgets
- Compiling of Adjustment Budgets
- Reporting to the National Treasury and the Provincial Treasury in terms of the MFMA and DORA
- Financial reporting to various stakeholders
- SDBIP reporting to Council
- Insurance claims
- Internal and external audit reports to Audit Committee
- Update insurance portfolio
- Cash flow and investments

The performance of the Finance Sub-Directorate is measured against the critical performance criteria and the following is a summary of the outcomes and performance per critical performance criterion for the past financial year:

Budget Process

The preparation of the Annual Budget for 2011/2012 was completed and tabled to Council in accordance with the budget process plan of the Municipality as required by the MFMA. During the 2010/11 financial year the Budget Office compiled the Annual Budget for the 2011/12 financial year in accordance with the new National Treasury Budget and Reporting Regulations (Gazette 32141). This meant that the Annual Budget process had to comply with certain regulations and to specific prescribed budget formats. The Sub-Directorate succeeded and fully complied with the new budget formats.

The 2011/12 Budget was tabled to Council on 15 March 2011 and approved on 3 May 2011. The tabling and approval dates were brought forward due to the election process on 18 May 2011.

The Municipality did two adjustment budgets during the 2010/11 financial year, tabled to Council on the 12 August 2010 and 24 February 2011 respectively.

Annual Financial Statements

According to the MFMA, the Annual Financial Statements of the Municipality must be submitted to the Auditor-General within two months after the end of the financial year.

The Annual Financial Statements for 2009/10 were submitted to the Auditor-General and National and Provincial Treasuries within the prescribed timeframe on 31 August 2010.

The major challenge with regard to the completion of the Annual Financial Statements still remains the implementation of GRAP standards. Mossel Bay is classified as a High Capacity Municipality and started with the implementation of these standards during the 2005/06 financial year. The Municipality fully complied with the GRAP standards for the compilation of the 2009/10 Annual Financial Statements. The Municipality received an unqualified audit opinion for the 2009/10 financial year.

Assets and Annual Asset Surveys

The main project was to perform a physical verification of Property, Plant and Equipment (PPE) and prepare a fixed asset register according to the standards of GRAP 17. As the abovementioned is a continuous process the following additional procedures were followed towards establishing a complete asset register at 30 June 2011:

- Review the Accounting Policy and Asset Management Policy regarding PPE.
- New Asset Register compiled on PROMUN system, which was fully operational from 1 January 2011.
- Identification and determine values of infrastructure assets by the engineers.
- Review of useful lives of items of PPE recognised in the Annual Financial Statements.
- Review of the depreciation method applied to PPE recognised in the Annual Financial Statements.
- Unbundling of assets.
- Impairment of non-cash generating assets.
- Impairment of cash generating assets.

Asset surveys are done once a year. A survey was done during the 2010/11 financial year from February 2011 and completed in May 2011. During this survey all unmarked inventories and new items were marked and scanned and reconciled with the asset register. All offices were then supplied with an updated inventory list and the final report was submitted to Council.

Monthly Updating of Asset Register

The Asset Register is reconciled on a monthly basis.

Financial Reporting

Reporting to various stakeholders happens on an ongoing basis. The following are examples of these financial reports, including the performance of the Financial Services section in each regard:

- ***Service Delivery Budget Implementation Plan (SDBIP)***

The Municipality makes use of an online SDBIP system, which includes the following:

National Key Performance Areas, Municipal Key Performance Areas, Organisation and Departmental Objectives, Capital Programme Number, Key Performance Indicators (KPI), KPI Definition/Unit of Measurement, Ward, Programme Driver, Baseline, Target Unit, Quarterly Targets, Quarterly Actuals, Quarterly Comments on each KPI.

The Capital KPI's and capital projects are linked to the IDP priorities. This online system also makes provision for reasons to be provided if the specific target is not reached.

The financial information is updated on the online system on a monthly basis.

- ***Quarterly Finance Management Report (Section 52 of MFMA)***

During the 2010/11 financial year, the Sub-Directorate continued with the compilation of the quarterly finance management report in accordance with the MFMA. This report is submitted to Council on a quarterly basis in order to ensure good governance and financial viability and provide Council with the necessary information to make informed decisions. The new Budget and Reporting regulations also prescribe the format of this report. The Sub-Directorate achieved full compliance with the new budget formats.

- ***In-year Monitoring Report (IYM) (Section 71 of MFMA)***

According to the MFMA, a monthly budget report must be submitted to the Mayor on the tenth working day of each month. All twelve monthly reports were submitted timeously as required.

The new budget and reporting regulations also prescribe the format of this report. New reporting schedules (Schedule C) were completed with effect from 1 July 2010. The Finance Sub-Directorate complied fully with the new budget formats.

- ***Quarterly, Annual and Ad Hoc Reports***

Various other reports are submitted to Council, the Auditor-General, the National and Provincial Treasuries and other Provincial Departments within the time frames prescribed by law.

- ***Insurance and Asset Management Processes on Collaborator System***

New systems were created on the Collaborator document flow system during the 2010/11 financial year to manage insurance claims and movement of assets. The Sub-Directorate provide inputs to the system operator in order to create these programs.

6.4.5 SUPPLY CHAIN MANAGEMENT

Overview

All high-capacity municipalities were required to implement the Supply Chain Management Regulations to the Municipal Finance Management Act, No 56 of 2003, on 1 October 2005 and to have a new Supply Chain Management (SCM) Policy in terms of the Regulations in place by the same date.

The Municipality met the requirements with regard to the adoption of a policy and also implemented the prescribed procurement procedures to ensure that all legal requirements were met.

SCM Policy

The policy, which is based on the model policy prescribed by the National Treasury, was reviewed twice in the 2010/2011 financial year. Recommendations by the Municipality's internal auditors, the Auditor-General and directives from Provincial and National Treasury were incorporated in the Policy. Certain cosmetic changes were also made.

It was envisaged that the policy would have to be aligned with the requirements of an amended Preferential Procurement Policy Framework Act (PPPFA). The purpose of amending the PPPFA was to align it with the Broad-Based Black Economic Empowerment Act (BBBEE) Codes of Good Practice. Although the amended PPPFA was supposed to be tabled in Parliament in September 2007, it only just happened. The Preferential Procurement Regulations No 502 in terms of the Preferential Procurement Policy Framework Act, 2000 was published in the Government Gazette dated 8 June 2011. It will come into effect on 7 December 2011.

Until the revised PPPFA comes into effect, Municipalities must still follow the instructions of National Treasury to continue applying the prescripts of the current PPPFA and its Regulations.

Council approved the first revision of the Supply Chain Management Policy on 9 December 2010 (resolution number E160-12/2010) and the second revision on 11 May 2011 (resolution number E68-05/2011).

Bid Committees

The members of the bid committees are all appointed in terms of legislation and the bid committees function well. The appointment of a senior manager as the chairperson of the Bid Evaluation Committee improved the functioning of the committee as well as its reporting.

All members of the Bid Specification, Bid Evaluation and Bid Adjudication Committees are delegated in writing by the Municipal Manager to serve on these respective committees. These delegations are accepted in writing and are recorded on the Collaborator system.

The Bid Adjudication Committee is the only standing bid committee, and no new members have been appointed to this committee in the year under review. The following persons served permanently on the committee:

- | | | |
|------------------------------------|---|-------------------------------------|
| • Mr HF Botha (Chairperson) | : | Chief Financial Officer. |
| • Mr CB Puren (Deputy Chairperson) | : | Director: Community Services. |
| • Mr D Naidoo | : | Director: Technical Services. |
| • Mr E Jantjies | : | Director: Corporate Services. |
| • Mr C Möller | : | Director: Planning and Development. |
| • Mr P Viviers | : | Director: Civil Services. |
| • Ms M Jacobs | : | Head: Expenditure. |
| • Ms E Nel | : | Head: Supply Chain Management. |
| • Mr HC Hill | : | Strategic Support Executive. |

Mr P Viviers left the Municipality's employment at the end of July 2010. His position was not filled and he was not replaced as a member of the Bid Adjudication Committee.

As Mr HC Hill was appointed chairman of the Bid Evaluation Committee in November 2010, he could no longer serve on the Bid Adjudication Committee. He was not replaced as member.

SCM Unit

One clerk left the unit during the third quarter of the 2010/2011 financial year. This position was advertised and interviews were conducted. The position will be filled in the first quarter of the 2011/2012 financial year.

On 30 June 2011 the SCM side of the unit consisted of the head, two administrative officers and three SCM clerks. On the stores side, the unit consisted of one administrative officer, one storeman, one clerk and one labourer.

The Head, administrative officers and clerks attended various courses and workshops during the past year. Four SCM officials, namely the Head and the three administrative officers are attending Minimum Competency Level Training as prescribed by the Municipal Regulations on Minimum Competency Levels, GN R493 of 2007. Two clerks also completed the Local Government Accounting Certificate successfully.

Although the courses and workshops that were attended are valuable, there remains a need for formal SCM-related training and this remains a priority. Therefore the announcement by Provincial Treasury at the Western Cape Supply Chain Management Forum on 26 May 2011 that they have concluded a contract with Stellenbosch University to provide Supply Chain Management training in the Province was welcomed. This training will be facilitated by Provincial Treasury and the aim is to roll it out from the beginning of 2012.

Accredited Supplier Database

The Accredited Supplier Database that is maintained in terms of Section 14 of the SCM Policy grew to 2 295 suppliers during 2010/2011 from 1 994 at the end of the 2010 financial year, 1 559 at the end of the 2009 financial year, 1 090 at the end of the 2008 financial year and 722 at the end of the 2007 financial year.

The SCM unit continued to address the problem of expired tax clearance certificates by using a monthly reminder system. The suppliers generally respond well to this, ensuring that their registration on the Database remains valid.

Construction Industry Development Board (CIDB) Act, No 38 of 2000.

Municipalities were already advised in the previous financial year that compliance with the requirements of the CIDB are of great importance, that it will also be strictly monitored by the Auditor-General and that failure to comply will result in qualified audits.

Following this Board Notice 75 of 2011 of the Construction Industry Development Board was issued in terms of the CIDB Act.

It stated that in terms of Sections 5(2)(f) and 22(1) of the Act, the CIDB has established a Register of Projects for purposes of gathering information on the nature, value and distribution of infrastructure projects. Section 22(3) of the Act requires Municipalities to register all construction contracts awarded above the prescribed tender value to be registered on the Register of Projects.

In order to enforce the legislative requirement to register tender advertisements on the iTender System and register project award, progress and completion and / or cancellation on the Register of Projects, the Board with effect from 1 May 2011 twice conducted random compliance audits of projects registered by public sector clients. Failure to comply with the above instruction could have resulted in the:

- Name and Shame listing of non-compliant clients.
- Imposition of a fine or penalty to the maximum of R100 000.

- Referral to the Special Investigations Unit for further investigation and prosecution.

The Mossel Bay Municipality complied with the requirements.

Tender Awards

A total of 75 tenders, 8 more than the previous year, were awarded during the 2010/2011 financial year.

Six of the tenders, namely Tenders 1/2010, 28/2010, 49/2010, 71/2010, 77/2010 and 80/2010 are income-generating tenders while the rest were expenditure tenders.

Based on the number of reported cases country wide as well as the experience of the unit, it is clear that more and more bidders are beginning to exercise their right to object to awards in terms of Section 46 of the SCM Regulations and Section 51 of the SCM Policy. The publicity that SCM processes receives in the press as well as the poor economic situation lead to an increased number of enquiries from unsuccessful bidders. This is adding a further onus on SCM practitioners as well as other personnel involved with SCM processes to ensure that all processes comply with all applicable legislation.

Conclusion

The 2010/2011 financial year was the first complete year as well as the first year-end after the major objectives, namely the centralisation of all the Municipality's procurement activities within the SCM unit, using the Collaborator system and the consolidation of the total SCM function in one unit, had been achieved.

Building on this, the unit can only go from strength to strength in the years to come.

6.4.6 EXPENDITURE SECTION

Overview

The main responsibility of this Sub-Directorate is the correct administration of salaries and payments to creditors. This also entails proper expenditure control of the Municipality's budget. This includes the cash book and related duties, namely the management of virements, etcetera. The Sub-Directorate is managed by the Head : Expenditure with a further complement of 11 staff members.

As was reported in the previous year, it can again be reported that no audit queries were received with regard to this Sub-Directorate's work. Payments were all done on or before their due dates and all creditors' accounts were settled within the prescribed 30 day period.

For the 2008/09 financial year, the expenditure on creditors amounted to R429 655 619, while for the 2009/10 year it increased to R541 504 503. This increased further for the 2010/11 financial year to R644 523 025. As far as salaries are concerned, payments amounted to R116 887 486 for 2008/09, R142 944 784 for 2009/10 and R146 458 756 for 2010/11.

Key Performance Indicators

The following can be reported on specific Key Performance Indicators (KPI's) for the 2010/2011 financial year:

- ***Salaries***

The Municipality employs approximately 862 salaried staff members and 105 temporary staff members who must all be paid on the 25th of every month. This is no small or menial task, especially if one bears in mind that the financial side thereof is done by only five staff members. This includes all third party payments, which must also be calculated and paid over at the same time and on specific dates. Third party payments are inter alia made to medical aid schemes, Pension Funds, Group Life Insurance, PAYE, UIF and others.

It must be stressed that the payment of salaries is done with minimal queries from staff members, which is an indication of the level of competency of staff members in this Sub-Directorate.

- ***Budget Control***

Budget and financial controls are some of the most important contributory factors to the successful way in which the Mossel Bay Municipality manages its financial affairs. Expenditure and virements are being monitored on a daily basis and reported on by a team of dedicated officials. This section is pro-active in identifying unauthorised expenditure by reporting it on a daily basis to management. The expenditure policy and the MFMA is strictly adhered to before any payments are made.

- ***Creditors***

During the 2010/11 financial year this Municipality had transactions with approximately 1 500 creditors. The payments of these creditors were all undertaken in accordance with the Municipality's policy that all creditors have to be paid within 30 days. This in turn means that, unless there is a dispute on the payment of an account, creditors are always paid on time. This again showed the effectiveness of this section.

- ***Banking***

The Municipality's bank statements are reconciled and balanced with the cash book on a daily basis in order to identify any possible irregularities. The monthly bank reconciliation is also submitted within five working days after the end of each month.

- **Vehicle Costing**

This component of the Expenditure Sub-Directorate deals with the Municipality's fleet of vehicles and as such demands a lot of attention throughout each financial year. The 2010/2011 financial year was no exception and the work inter alia requires detailed control methods to control and assess the usage of vehicle tyres, batteries and, of course, fuel consumption. Other controls include the logging of maintenance and running costs to ascertain the sustainability and proper care of vehicles and to ensure that vehicles are used for the purpose for which they were originally purchased.

- **Salary Budget**

The salary budget component is about 30% of the total operating budget. It is therefore of the utmost importance that the salary of each employee is budgeted for separately to ensure that the budget is a true reflection of what monies are needed to prevent over or under expenditure.

- **Grants**

Monitoring of external funds is done on a daily basis to ensure that payments are only made once money has been received. Council's funds are not utilised for bridge financing. Grants include financing of, for example, housing, infrastructure and electrifying of houses.

6.4.7 INFORMATION TECHNOLOGY

Overview

The Information Technology Sub-Directorate fulfills a very sophisticated support service to the whole of the Municipality by providing data and Voice Over Internet Protocol services to all offices and satellite offices. The staff complement consists of the IT Manager, Network Operator, IT Technician, Senior Data Operator, Database Clerk and Data Operator. Offices at Montagu Place (Development and Planning), George Road (Human Resources, Technical and Electricity Services), the Old Powerstation (Supply Chain Management, Point Caravan Park, De Bakke Caravan Park, Hartenbos (Socio-Economic Development), Great Brak River, Friemersheim, Herbertsdale, KwaNonqaba, Golden Rendezvous (Traffic), Stores and Fire Brigade and some personnel who have radio links to their homes.

Functions

This unit manages the following hardware and software:

Promun Server – AIX with Progress Database.

Promun Backup Server - AIX with Progress Database.

Collaborator Server – Microsoft 2003 Server and MSSQL 2005.

Server for Geographical Information System, Trend Micro Antivirus, Promun II.

Server for Active Directory, Routemaster (Handheld Terminals).

Server for Active Directory, Virtual Private Network.

Server for Capman HR Management Terminal Server.

Tivoli Server – Windows 2003 Server, Daily Backup and Disaster Recovery with added capacity during the year under review.

Tivoli DR Server – This server is off site and will take care of Disaster Recovery in the event that the above server is damaged.

Web Server – SuSE Linux.

Intel Server - Windows 2003 Server with MSSQL and MySQL for new Content Manageable Web Application.

Server for Active Directory and File Servers at Satellite Offices.

2xMedio Server for Running an in between Oracle Database for the exchange of data between Promun and IRIS (Prepaid Vending Solution).

Linux Server for the Firewall.

Linux Server for the Proxy Server.

Linux Server for the Mail Server.

New Mail Server.

Linux Server for the Mail Archiving.

Linux Server for the Print Server.

Linux Server for the File Server.

Linux Server for Helpdesk and Nagios.

Server for Recording of Internal Security Cameras.

The main function and Key Performance Indicator of this unit is to provide continuous support to all users and ensure a 100% uptime of all the different systems in use by the Municipality. The main obstacles to achieving this goal are hardware component failures, power disruptions and critical software updates. Notwithstanding these challenges an uptime of 99% was reached over the last quarter 2010/2011. The appointed IT Technician has fine tuned all of the radio equipment's configurable setups, which ensured a very stable network for both data and Voice Over Internet Protocol. All radio networks are also monitored and maintained well to provide a quality service to the users in the Municipality.

The IT Manager oversees the whole unit which also includes the financial system, Promun. The Network Operator's main area of responsibility is that of the network and servers. The IT Technician's main area of responsibility is end-user support and also the radio network. The Data Operators see to the flow of data onto the financial system and also the daily balancing of all subsystems to the financial system ensuring that good financial controls are kept in place at all times. Since the introduction of the new Tivoli backup system the size of the backup has grown to just over 2 000 Gigabytes.

The Municipality has also implemented processes that monitor all network links, enabling speedy reaction if a service is interrupted, as well as a mail archive system that enables the retrieving of archived mail. The Municipality's website, which is content management based is maintained by a newly appointed Senior Database Clerk. She ensures that the website is kept up to date. External service providers have been contracted to look after the wireless infrastructure, the GIS, network cabling and the provision of printer peripherals and maintenance.

Performance

The overall performance of this unit is measured and monitored continuously against Key Performance Indicators with specific monitoring tools to improve the following areas of service, namely overall uptime of services, speedily resolved hardware and software problems and better overall networking capabilities. A new Database Clerk, who is also tasked to look at the GIS and website administration, was appointed in December 2010. As the personnel of the Sub-Directorate are very committed and motivated, all fields of expectations and deliverables are met to the best of their ability.

The following list gives an indication of the most important Key Performance Indicators and the performance results of the past financial year:

- All IT Policies were tabled to Council and approved. They were workshopped thoroughly with all personnel.
- A major project was lodged to get the existing server room up to standard and with a proper 2-hour fire rating to comply with industry standards and expectations of the Auditor-General.

The project posed a lot of challenges to the IT Department as all services had to continue as normal, notwithstanding the fact that all the switchgear and all servers had to be moved to an area adjacent to the area where the work was done. The Municipality now has a top class and secure server room environment.

- We are also proud OF our Tivoli Backup and Disaster Recovery solution which ensures that backups of all systems and data for certain retention periods. Daily backup tapes are kept off site to ensure the possibility of returning to at least the previous days work at any given time.
- This department also ensures on a monthly basis that all debit raising is done according to preset time frames set up by the various departments and role players, which in turn gets printed on account statements and are e-mailed to the customer base.
- As mentioned above, the Database Clerk ensures that the latest information is placed on the Municipality's website. The site is hosted by Municipality itself. She also looks after the GIS system.
- Another major project for the new financial year is the replacement of most of the desktop computers that are being rented at present. This will test the skills and competence of technical staff to the limit as 132 desktop computers need to be replaced.

Goals, Aims and Objectives

This unit's ultimate aims and objectives are to deliver an uninterrupted service to all the users of all systems. It is always working towards an unqualified systems audit report by implementing various checks and balances and software monitoring tools on the networks and systems. Policy documents have been set up for various strategic issues. Data protection stays one of the top priorities at all times.

Perhaps the biggest challenge for the department in the next financial year is the transition of the financial system from an AIX to a Linux environment. The new server for this application needs to cater for far more processing power. More users are accessing the system and far more data storage capacity needs to be installed as the application is utilised to a far greater extent than five years ago when the previous server was installed.

6.5 Technical Services

DIRECTOR: S NAIDOO

6.5.1 INTRODUCTION

The Technical Services Directorate was formed in August 2010 following a review of the macro organisational structure and the amalgamation of the former Civil Services and the Electrotechnical Services Directorates.

The Directorate is managed by a Director and six Sub-Directorate heads that are responsible for the following core functions:

- Streets and stormwater
- Water and sewer
- Planning and support services (MIG projects and support services)
- Mechanical services (Fleet management and telemetry services)
- Electrical network services (provision of electricity and the maintenance of electrical services)
- Electrical planning and customer services

The Directorate has a total staff complement of 300 employees that serve the various communities from strategically placed offices or depots at Mossel Bay, Hartenbos and Great Brak River. The new posts of Head Water and Sewer, Head Streets and Stormwater as well as the vacant posts of Technician (Roads) and Superintendent (Roads) were also filled over the past year to strengthen the managerial and technical capacity of the Directorate.

6.5.2 OVERVIEW

The Directorate has handled a total of 126 capital projects of which 122 projects were fully completed. The slow progress on some projects were mainly attributed to delays in environmental approvals, grant funding for some projects that were not transferred in time and lengthy delivery periods encountered on some electrical equipment.

Provision has been made for three civil engineering projects to be undertaken over two financial years due to the magnitude of the projects and the budgetary constraints.

The 2010/11 financial year has also proved to be very challenging due to the loss of five key staff members and the difficulties in attracting experienced, technically skilled staff to fill critical vacancies within the Directorate. Unforeseen disasters such as the severe drought in the first quarter and the floods during June 2011 also played a role in hampering progress on capital and maintenance activities. Despite the above the Directorate still performed exceptionally well in meeting the Service Delivery and Budget Implementation Plan (SDBIP) requirements as well as the priorities aligned to the IDP for the 2010/11 financial year.

It is to be noted that the maintenance budget for the 2010/11 financial year, which was based on previous expenditure trends, was not overspent. The Directorate was able to undertake various maintenance and refurbishment tasks on electrical, mechanical and civil engineering infrastructure in accordance with preventative maintenance plans.

The following highlights or achievements bear testimony to the commitment and good work performance of the staff in the Technical Services Directorate:

- The water losses were significantly reduced from 21% in the previous financial year to around 16% in the 2010/11 financial year due to various water saving initiatives that were implemented.
- The electrical losses were 6,12%, which is well below the national standard of 10%.
- The Municipality achieved Green Drop status for the Mossel Bay and Friemersheim waste water treatment plants and was placed 6th provincially with an overall score of 88,6% .This is a significant improvement against the previous score of 12%.
- The Municipality achieved Blue Drop status for the water purification plants at Little Brak River, Great Brak River, Sandhoogte and Ruiterbos with an overall score of 95,27%. The previous score was 78,6%.
- The available water capacity has almost doubled with the construction of the 15ml/day sea water desalination plant and the equipping of four boreholes with an additional yield of 1,8ml/day.
- There has been a significant reduction in electricity consumption with the implementation of energy efficient street lighting and the installation of solar water heaters.
- Electricity was distributed throughout the year in accordance with quality of supply and service standards as stipulated by NERSA as over 95% of the interruptions were restored within 7,5 hours.

- Electronic bulk water meters were installed at most reservoirs and have been linked to the Municipality's telemetry system in order that water consumption/leakages are monitored at all hours.
- A total of 207 temporary jobs were created within the Directorate as part of the Extended Public Works Programme.
- All projects were undertaken in accordance with the requirements of the Occupational Health and Safety Act, 1993 without any fatalities or disabling injuries.
- Approximately 3,3km of gravel roads were tarred in the previously disadvantaged areas.

CHALLENGES FOR THE YEAR AHEAD

- (1) To ensure that basic services such as water, electricity and sanitation are provided to informal settlements in a safe, economical and equitable manner in accordance with the national norms and standards.
- (2) To encourage the continuous training and development of staff to ensure that the Municipality is sufficiently equipped to maintain service delivery at an acceptable standard.
- (3) To ensure that all major 66/11kV substations and feeders have sufficient capacity to cater for new developments.
- (4) To ensure that master plans are compiled for all engineering services and that the projects are implemented on a systematic basis.
- (5) To continuously embark on asset renewable and preventative maintenance programmes to prevent the deterioration of infrastructure.
- (6) To replace electricity and water meters on a continuous basis to prevent revenue losses.
- (7) To ensure that sufficient funds are spent on the resealing of streets.
- (8) To attract and retain skilled technical staff.
- (9) To install a load management system that will be able to shed electrical load during peak periods thereby reducing maximum demand charges.
- (10) To eradicate the bucket system in informal townships.
- (11) To upgrade stormwater drainage systems to cope with major flood events.
- (12) To ensure that Louis Fourie Road is upgraded to an acceptable standard to cope with the high volume of traffic.

PLANT AND EQUIPMENT

The table below reflects the plant and equipment used by the Directorate:

EQUIPMENT	2010/11
Pick-Up Trucks	59
Tipplers	17
Tractors	5
Diggers/Loaders	2
Sedans	1
TOTAL	84

6.5.3 ROADS AND STORMWATER

The Sub-Directorate Roads and Stormwater is responsible for managing existing civil services such as roads and stormwater. It also includes the approval of service plans for new developments.

Roads

The following table shows the roads under the Municipality's control over the past three years:

ROAD TYPES	2008/09	2009/10	2010/11
Paved in km	392	394	395
Gravel in km	26	24	20,8
Block-paved in km	12,7	12,7	15,4
Concrete in km	1,2	1,2	1,3

Gravel Streets Tarred

Approximately 3,3km of gravel streets were tarred during 2010/11 financial year and are listed as follows:

No	Street	Budget	Length (metres)
1	Mamase	R500 000	203
2	Bonanza	R770 000	290

3	W. Bhuda	R125 000	50
4	J. Songca	R420 000	225
5	Gozongo and Rasmeni	R1 000 000	365
6	January and Vanda	R1 000 000	356
7	M.Mfundisi	R400 000	185
8	Lonwabo	R225 000	155
9	Barnard	R600 000	220
10	Walvis	R3 424 000	140
11	Church (Herbertsdale)	R230 000	165
12	School (Herbertsdale)	R450 000	265
13	Muller Circle	R45 000	10 m Radius
14	Road 1 (Brandwag)	R800 000	215
15	Road 3 (Brandwag)	R600 000	100
16	Road 4 (Brandwag)	R400 000	60
17	Lelieblom (Sonskynvallei)	R450 000	130
18	Beki (Sonskynvallei)	R400 000	120
19	Havenga (Sonskynvallei)	R191 000	60

Key Performance Areas

Meyer, School, Michell and Montagu Street were rebuilt. The rebuilding of Montagu Street and School Street took place in phases:

No	STREET	BUDGET	LENGTH (m)
1	Montagu	R1 500 000	240
2	School	R450 000	200
3	Michell		45
4	Meyer		110
5	A new traffic circle is under construction at the c/o Bill Jeffery and Mossel Street	R400 000	

Kerbs and Sidewalks

A fair amount of money is spent annually on the upgrading of kerbs and sidewalks. The projects for 2010/2011 were:

PROJECT NAME	AMOUNT SPENT
Point Road	R100 000
Pavement (CBD)	R200 000
Kerbs all areas	R100 000
Pedestrian walkways to Greenhaven	R150 000
Witwatersrand	R140 000
Hofmeyer Street	R50 000
TOTAL	R740 000

Parking

New parking areas were built at the following costs:

PROJECT NAME	AMOUNT SPENT
Upgrading of Point Parking	R300 000
Cape Road Parking	R150 000
Mossel Street (in front of Police station)	R150 000
TOTAL	R600 000

Storm Water

Due to flooding various stormwater systems were upgraded and dunes rehabilitated:

PROJECT NAME	PROJECT COST
Kus Road, Little Brak River	R2 700 000
Muller Street	R265 000
TOTAL	R2 965 000

Job Opportunities

The following job opportunities were created:

NO	PROJECT	WORK OPPORTUNITIES
1	Pedestrian walkways, Greenhaven	12
2	EPWP, Pave Barnard Street	19
3	Upgrading of streets at Brandwag	22

NO	PROJECT	WORK OPPORTUNITIES
4	Asazani/Izinyoka: Main road access	11
5	Rebuild School Street- Herbertsdale	25
6	Tarring of streets: Gozongo and Rasmeni Streets	8
7	Tarring of streets: January and Vanda Streets	9
8	Upgrade Crossing Bill Jefferey/Mossel Streets	9
9	Rebuild Kusweg – Little Brak River / Tergniet	6
10	Reconstruction of Bonanza Street	10
11	Reconstruction of Buda Street	29
12	Reconstruction of Songca Street	
13	Reconstruction of Mfundisi Street	
14	Reconstruction of Lonwabo Street	
15	Upgrade of Montagu Street - Rebuild	10
16	Sonskynvallei Streets	8
TOTAL WORK OPPORTUNITIES CREATED		187

Operating Budget

The maintenance cost as budgeted for by the Sub-Directorate over the past three financial years is shown below:

SECTION	BUDGET 2007/2008	BUDGET 2009/2010	BUDGET 2010/2011
Streets and Storm Water	R14,35m	R25m	R21,16m

6.5.4 WATER AND SEWER NETWORKS

The newly formed Sub-Directorate Water and Sewer is responsible for managing existing civil services such as sewer networks and water reticulation as well as water and wastewater treatment plants.

Water Networks

The following table provides details of activities with regard to the water networks:

WATER	2008/2009	2009/2010	2010/2011
New connections	287	230	255

WATER	2008/2009	2009/2010	2010/2011
Burst pipes repaired	134	214	184
Water leak repairs at indigent households (during drought)			201
Flow restrictors installed at indigent households			564
Electronic flow restrictors installed			81
Water meters installed at previously unmetered house-holds			543
Various other activities including repairing leaks at watermeters and uncovering watermeters			762

The water reticulation in the municipal area consists of pipe sizes that vary from 50mmØ to 375mmØ and have a total length of approximately 600 km. Water pipelines are replaced annually. A total amount of R850 000 was spent to replace of 1,2km of 110mmØ as well as 1,4km of 200mmØ water network pipelines.

The table below provide details of water supply to households:

Water	2009/2010	2010/2011
Households that did not have water on site	840 (excluding 2800 backyard dwellers not included)	2400 (informal settlements and backyard dwellers included)
Number of households with water on site	25 528	32 425
Percentage of capital budget spent	93	86,85
Percentage of capital budget under spent	7	13,15
Primary areas with backlogs	KwaNonqaba, Asla Park and Joe Slovo Village	KwaNonqaba, Asla Park and Joe Slovo Village
Amount needed to address backlogs	R17 million	R 17 million
Timing when backlogs will be addressed	5-year plan	Asazani/Izinyoka housing project should be completed within the next 3 years

Water Losses

The table below provide the water losses for 2010/2011:

YEAR WATER NETWORK LOSSES

MONTH	Network breakage losses	Percentage breakage losses	Total network losses 2010/11	Unaccounted for losses%
JUL	12,470	4.1%	23.7%	19.6%
AUG	6,300	2.0%	20.6%	18.5%
SEP	14,610	4.5%	10.5%	5.9%
OCT	10,780	3.3%	4.8%	1.5%
NOV	18,260	6.1%	18.7%	12.6%
DEC	9,010	2.2%	19.3%	17.1%
JAN	11,060	2.5%	8.0%	5.5%
FEB	15,070	3.9%	9.9%	6.0%
MAR	30,020	7.4%	27.7%	20.3%
APR	10,480	2.1%	7.0%	4.9%
MAY	10,840	2.8%	24.4%	21.6%
JUN	28,580	7.4%	11.0%	3.5%
AVERAGE	177,480	4.0%	15.5%	11.4%

Sanitation

The following table provides details of activities with regard to the sewer networks:

SEWERAGE	2008/2009	2009/2010	2010/2011
New connections	147	105	103
Blockages opened	3 251	3 288	2 506

Of the total sewerage blockages during the 2010/2011 financial year 53,6% were in D'Almeida, KwaNonqaba and Asla Park. An amount of R1 398 000 was spent in D'Almeida to install 1,8km of new sewer pipelines. R924 000 was spent in KwaNonqaba and Asla Park to install 1,65 km of bigger diameter outfall sewer pipelines.

Sanitation is posing its quota of problems in the form of new informal settlements appearing in disorderly fashion throughout existing poorer developments.

This resulted in the erection of temporary toilet structures leading to 563 night soil buckets handed out and serviced on a regular basis in the Greater Mossel Bay municipal area. These night soil buckets are serviced on a weekly basis.

It is not possible to determine exactly when the bucket system will be eradicated due to the fact that the supply of formal housing cannot keep up with the increasing demand.

The table below provides details of sanitation to households:

Sanitation	2009/2010	2010/2011
Households dependent on bucket system or non-existent sanitation:		
Great Brak River	438	130 (twice per week)
Powertown	72	78 (twice per week)
Joe Slovo, KwaNonqaba, Asla Park	36	88 (three times per week)
Bartelsfontein		
Tos se Plaas	7	7 (once per week)
* A total number of buckets collected on a weekly basis.	10	13 (twice per week)
	563	
Number of houses provided with waterborne sanitation		27 061
Number of houses making use of septic tanks		5 167
Percentage of capital budget spent	97	82,40
Percentage of capital budget under spent	3	17,60
MIG funding available; amount spent; percentage spent	R400 000 (Bucket eradication)	
Names as well as details of areas with backlogs	Great Brak River, Powertown, Joe Slovo Village, KwaNonqaba, Asla Park and Bartelsfontein	Great Brak River, Powertown, Joe Slovo Village, KwaNonqaba, Asla Park and Bartelsfontein
Amount needed to address backlogs	±R 20 m	R20 m±
Timing when backlogs will be addressed	5-year plan	Asazani/Izinyoka housing project should be completed within the next 3 years

6.5.6 PLANNING AND SUPPORT SERVICES

Project Management

The newly formed Sub-Directorate is responsible for the execution of MIG and larger projects and assisting other sub-directorates in smaller projects. This function also includes the approval of service plans for new developments. As part of the support service, administrative assistance is given towards the delivery of civil services of this Directorate.

Capital Projects

Major projects undertaken/completed by this Sub-Directorate in this period were:

PROJECT DESCRIPTION	PROJECT VALUE
Friemersheim: New Bus Routes & Internal Services	5 000 000
Great Brak River: Enlarge Water Treatment Plant 5,5ML to 12ML	3 352 300
Seawater Desalination Plant	120 000 000
Expand Raw Water Resources	10 450 000
Ernst Robertson Pipeline to Sandhoogte	2 600 000
Upgrade Sewer Plant, Friemersheim	916 000
Regional Sewer Works: New Settling Tank	4 720 000
Asazani/Izinyoka: New Bulk Sewer System	3 000 000
Total	150 038 300

Seawater Desalination Plant Project Costs

	Cost Estimate
Marine Works	R51 778 704
Reverse Osmosis Plant	R108 544 717
Bulk Electricity	R6 406 362
Clear Water Rising Line	R24 458 359
Environment Studies	R1 010 372
Safety Control	R158 219
Disbursements	R1 260 378
Current project totals:	R193 617 111

EPWP Capital Projects

The municipal leadership has expanded on job creation and has embraced the EPWP program even further. An EPWP data capturer has been appointed in the Socio Economic Department to collect and process EPWP project data.

MIG Expenditure

The cash flow predictions, actual expenditure by the Municipality, claims submitted to Province, claims substantiated by Province and the receipt of funding from Province are included in the following table:

MONTH	ALLOCATION	CLAIMS	CUMULATIVE	CUMULATIVE
			ALLOCATION	CLAIMS
April 2010	R550 000	R109 445	R550 000	R109 445
May 2010		R355 852	R550 000	R465 297
June 2010		R241 055	R550 000	R706 351
July 2010	R3 869 000	R20 608	R4 419 000	R726 960
August 2010		R978 542	R4 419 000	R1 705 501
September 2010		R1 389 126	R4 419 000	R3 094 627
October 2010		R400 489	R4 419 000	R3 495 116
November 2010	R6 045 000	R413 967	R10 464 000	R3 909 083
December 2010		R4 671 736	R10 464 000	R8 580 818
January 2011		R640 831	R10 464 000	R9 221 650
February 2011		R1 288 668	R10 464 000	R10 510 318
March 2011	R1 295 000	R268 307	R11 759 000	R10 778 625
April 2011		R980 375	R11 759 000	R11 759 000

6.5.7 MECHANICAL SERVICES

The Mechanical Services Sub-Directorate was established in March 2010 and is responsible for the maintenance of approximately 200 municipal vehicles, 166 pump stations and telemetry equipment.

A new mechanical workshop was established at the Municipal premises in Schoeman Street, Mossel Bay.

Vehicles

Council has approved a vehicle utilisation policy and all vehicles are maintained in accordance with the maintenance plan.

A tracker system for vehicles was purchased and units were installed in 79% of the vehicles. The benefits of this system can already be seen in the reduction of overtime and drivers are more alert on the usage of vehicles.

A job-card system for all work on vehicles was implemented and records of work done on vehicles are kept. Services on smaller vehicles and repair work were done at the mechanical workshop.

An electronic tyre and battery register are also kept up to date.

Pumps

Water and sewer pumps were replaced at pump stations under the capital budget. New sewer drywell pumps were installed at the Hartenbos Cemetery, the Great Brak River Cricket Field, Sandhoogte Road, Mossel Bay Harbour and Dana Bay. Submersible sewer pumps were replaced with drywell pumps where possible. The repair work and maintenance on these types of pumps are much easier to do and downtimes are restricted to the minimum.

Where submersible pumps were the only option, upgrading was done at Boland Park, Santos Beach and Loerie Park. A new grinder was also installed at the Great Brak River Cricket Field. New water pumps were purchased for KwaNonqaba and Very High. The replacement and upgrading of pumps is a continuous effort to ensure the smooth operation of the pump stations.

Maintenance and repairs to equipment on the water and sewer treatment plants were done on a continuous basis. The achievement of the Blue Drop and Green Drop awards on the plants required dedicated attention to the equipment.

Telemetry

A three-year contract was awarded to Spectrum Communications for the maintenance of the municipal telemetry systems.

The telemetry Scada system has been expanded to cope with the increasing demand on the water and sewage system. The expansion made it possible to add more view points and more users now have access to the system.

6.5.8 ELECTROTECHNICAL SERVICES

The Sub-Directorate is primarily responsible for the following functions:

- ***Electricity Distribution***

To provide and maintain a safe, economical and reliable Electricity Distribution Network to approximately 32 630 industrial, commercial and domestic customers at various voltages, ranging from 220V to 66 000V.

- ***Public Lighting***

To provide and maintain various street lighting, sports field lighting, traffic lights and lighting at public buildings and parks.

Overall Performance of Sub-Directorate

It is a pleasure to report that the Sub-Directorate has performed exceptionally well in ensuring equitable service provision to all communities and systematic reduction of backlogs.

The Sub-Directorate has successfully completed 27 capital projects that are aligned to the IDP and has responded to a total of 2 352 callouts, within the quality of supply standards, stipulated by NERSA. A total of 2 942 preventative maintenance tasks were also undertaken departmentally.

Overall Goals and Objectives

- To provide low cost electricity to all customer segments.
- To provide a reliable and high quality service to all customers in accordance with the NRS 047 and NRS 048 standards and in compliance with the Electricity Regulation Act, No. 4 of 2006.
- To implement demand side management and energy efficient measures to reduce electricity consumption during peak periods.
- To ensure that electrification targets are met in the most cost-effective manner and that it supports social and economic goals in Mossel Bay.
- To train and motivate personnel to ensure high standards of workmanship and that safety procedures are strictly adhered to at all times.
- To ensure that all staff operate within a safe and healthy environment by mitigating all risks at workplaces.

Highlights

- A total of 2 033 street lights were replaced with energy efficient lights, thereby reducing the electricity consumption by almost fifty percent.
- A total of 2 942 planned maintenance tasks were completed to prevent deterioration of assets and to ensure continuity of supply.
- A total of R16 million was spent on renewal projects, which involved the complete replacement of 11kV switchgear, mini-substations and the reconstruction of approximately 2 km of old dilapidated overhead lines.
- A total of 1 140 outdated pre-paid electricity meters were replaced in all areas.
- A total of 749 informal and low cost houses were electrified and as part of the Department of Energy Electrification Programme.
- Approximately 1km of under-rated 11kV cable was replaced in the Great Brak River Area. A total of 4 145 municipal building lights were replaced with energy efficient type to reduce consumption.
- An electrical master plan for Mossel Bay was completed.

Critical Challenges and Priorities for 2011/2012

The critical development challenges and priorities for the sub-directorate are as follows:

- To ensure that all new houses are timeously electrified.
- To ensure that all major substations and feeders have sufficient capacity to cater for new developments.
- To prevent the illegal construction of dwellings under high voltage overhead lines.
- To promote energy efficiency programmes to prevent the wastage of electricity.
- To ensure that the requirements of the electricity distribution grid code with regard to technical standards are strictly adhered to at all times.
- To ensure that all electricity backlogs in informal areas are significantly reduced.

Functional Delivery Statistics

- Capital and Operating Costs***

CAPITAL	2008/2009	2009/2010	2010/2011
Internal	R17 009 306	R16 250 000	R16 160 000
Ad Hoc	R1 658 369	R20 040 000	R15 000 000
OPERATING TOTAL			
Expenses	R112 332 063	R137 818 678	R150 262 124
Income	R158 053 176	R206 338 371	R225 427 745

- Employment of Human Resources***

		2008/2009		2009/2010		2010/2011
DISCIPLINE	NO	COST (R)	NO	COST (R)	NO	COST (R)
Consulting Engineers	2	R75 891	2	R125 798	2	R301 641
Office Personnel	4	R1 956 360	4	R2 234 453	4	R2 739 186
Field Staff	64	R9 225 821	66	R10 446 849	66	R11 459 883
Contract Personnel	-	-	-	-	-	-

- Consumers and Power Consumption***

	2009/2010		2010/2011	
TYPE	UNITS(KWH)	AMOUNT (R)	UNITS (KWH)	AMOUNT (R)
Household	141 101 634	87 523 942	11 896 1630	R107 652 476
Commercial	20 320 497	17 240 889	21 711 198	R21 042 466
Industrial	108 078 812	69 065 146	112 748 641	R80 239 164
Other	5 124 651	2 212 228	7 669 361	R2 227 741

- **Total Units Purchased from Eskom**

2009/2010	2010/2011	% INCREASE
287 022 603	285 600 053	-0,496

The total technical and non-technical losses amounted to 6,12%. The decrease in electricity consumption is attributed to energy savings measures introduced by the Municipality.

- **Consumers in Municipal Supply Area**

SUPPLIER	2008/2009	2009/2010	2010/2011
Municipality	29 913	31 709	32 630
Eskom	480	480	480

- **New Connections**

2009/2010		2010/2011	
446	R464 766,65	670	R1 037 461

- **Free Basic Supply**

	2007/2008	2008/2009	2009/2010	2010/2011
Units	7 049 017	7 681 610	7 912 380	8 189 210
Cost	3 050 567	3 802 839	4 708 331	5 686 379

Restoration of Supply after a Force Interruption in Accordance With Nrs 048

1	2	3	4	5	6	7	8
Month	Total number of forced interruptions after which supply is restored	Supply restored within 1,5h		Supply restored within 3,5h		Supply restored within 7,5h	
		Actual	Percentage	Actual	Percentage	Actual	Percentage
July	169	161	95,3	165	97,6	167	98,8
August	173	165	95,4	168	97,1	170	98,3
September	126	121	96,0	123	97,6	124	98,4
October	215	207	96,3	209	97,2	211	98,1

November	147	140	95,2	142	96,6	144	98,0
December	248	233	93,9	236	95,2	240	96,7
January	259	250	96,5	253	97,8	256	98,8
February	182	171	93,9	175	96,2	178	97,8
March	186	174	93,5	177	95,2	180	96,8
April	191	183	95,8	185	96,8	187	97,9
May	187	179	95,7	181	96,8	184	98,4
June	269	250	92,9	253	94,0	258	95,9

- **Backlogs**

Most of the backlogs will be addressed with the construction of the low income housing in Joe Slovo, Asazani/Izinyoka, Elangeni and Wolwedans. An amount of R2 million has been approved by the Department of Mineral and Energy for the electrification of new houses during the 2011/2012 financial year.

The table below reflects the backlog situation as at the end of June 2011:

ELECTRICITY	2008/2009	2009/2010	2010/2011
Households that did not have access to electricity in house.	1 600	1 649	900
Number of houses that gained access.	300	91	749
DOE Funds Percentage of capital budget spent on above.	-	100	87,38
DOE Funds Percentage of capital budget underspent.	-	100	12,62
Names as well as details of areas with backlogs	Wolwedans, Joe Slovo, Asazani/ Izinyoka	Wolwedans, Joe Slovo, Asazani/ Izinyoka	Wolwedans, Asla Park, Friemersheim
Amount needed to address backlogs.	R10 000 000	R12 000 000	R6 000 000
Timing when backlogs will be addressed.	2-3 years	2-3 years	2-3 years

- **Load Profile for 2010/ 2011**

Month	kWh	M/Demand MVA	R'000
July '10	24 504 530	56,334	15,914
Aug '10	23 748 200	52,325	15,041
Sept '10	2 260 2401	51,047	8,539
October '10	22 842 548	50,356	8,492
November '10	22 379 712	49,682	8,437
December '10	26 827 997	62,723	9,904
January '11	24 920 915	59,209	9,187
February '11	21 883 029	52,082	8,378
March '11	23 868 165	53,421	8,946
April '11	23 859 801	55,350	8,781
May '11	24 113 854	55,558	9,004
June '11	23 889 269	60,489	15,421